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ABSTRACT

Presented are the proceedings of hearings before the Subcommittee on Public Assistance and Unemployment Compensation of the Committee on Ways and Means, United States House of Representatives, concerning legislative proposals amending Title XX social services programs, AFDC foster care and child welfare service programs. Testimony is included from a wide variety of witnesses on proposed Title XX changes which would affect the total amount of money allotted for Title XX in 1980 and the specific conditions under which certain Title XX allotments would be made. The texts of ten prepared statements are also included. (JMB)

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AMENDMENTS TO SOCIAL SERVICES, FOSTER CARE, AND CHILD WELFARE PROGRAMS

ED178183

HEARINGS

BEFORE THE

SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

FIRST SESSION

ON

LEGISLATIVE PROPOSALS AMENDING TITLE XX SOCIAL SERVICES PROGRAMS, AFDC FOSTER CARE AND CHILD WELFARE SERVICE PROGRAMS

MARCH 22 AND 27, 1979

Serial 96–15

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AMENDMENTS TO SOCIAL SERVICES, FOSTER CARE, AND CHILD WELFARE PROGRAMS

THURSDAY, MARCH 22, 1979

House of Representatives,
Subcommittee on Public Assistance
and Unemployment Compensation,
Committee on Ways and Means,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to notice, in room B-318, Rayburn House Office Building, Hon. James C. Corman (chairman of the subcommittee) presiding.

Mr. **Corman**. The Subcommittee on Public Assistance and Unemployment Compensation of the Ways and Means Committee will come to order.

We meet this morning for hearings on title XX social service, foster care, and child welfare programs. These are important and terribly complex programs that involve the lives of a great many Americans.

I ask unanimous consent to submit a statement for the record at this point and say to all here, the administration and public witnesses, we have complex fiscal problems. We want to do our best to cooperate with the administration in holding domestic program increases to 7 percent cost of living.

We recognize the importance of a balanced budget.

We hope that the administration will assist us in financing programs that meet the public's responsibility to a particular segment of the population and recognize the importance of the modest investment we make in salvaging lives.

We hope those of you who represent other levels of government, some of you coming from very wealthy States, will assume your fair share of the public's responsibility. For those of you who are on the front line in dealing with the resources and fighting specific problems, I hope you will help us make these programs simple and effective and recognize the fact that we do have limited resources to apply, particularly States, many of which now are more concerned about the balanced budget than some Congressmen.

[The opening statement of Chairman Corman follows:]

Opening Statement of Chairman Corman

The hearings we begin today are concerned with the title XX social services program, child welfare and foster care, and welfare and social services programs in the territories.

The title XX social services program is the largest single federal social services program, and serves over 5 million people each year. Title XX is recognition of the fact that families, children, the aged and the handicapped have needs that go beyond bacis income needs which we attempt to meet in welfare cash assistance and social insurance programs. For example:

Providing quality day care can enable a young mother to enhance the lives of her children and is a necessary response to the needs of families.

The aged widow may have the assurances of a Social Security or SSI check she receives in the mail, but suffer the deprivation of isolation and loneliness. title XX senior citizens programs can help meet her needs.

Title XX services can help anxious parents meet the special needs of their handicapped child.

This subcommittee has a responsibility as it attempts to improve the nation's child welfare and foster care programs. We must assure that the lives of children are not scarred because they have suffered the ultimate deprivation of extended separation from a family.

The individual child welfare worker each day must make critical decisions related to child abuse and appropriate foster care placement as well as counsel families in crisis situations. Child welfare staffs must be highly trained and sensitive. They must be able to make available to families in need homemaker services, emergency shelter, adoption assistance programs and other services.

At least $2 billion of federal, state and local funds are now spent on our child welfare and foster care programs. In an era of fiscal austerity our efforts to improve and reform our child welfare and foster care system with new protections and increased funds for services must be fine tuned to insure that they have the maximum impact and actually reach the children and families in need.

Many of the legislative proposals which are the subject of these hearings were passed by the house during the last congress, but failed to gain enactment. Hopefully in this congress, legislation to improve our social services, child welfare and foster care programs can be enacted so that the lives of millions of individuals and families can be enhanced.

I wish to welcome the representatives from the Department of Health, Education and Welfare:

Arabella Martinez, assistance secretary for human development services, accompanied by; Ernest Osborne, Commissioner for Public Services; and Blandina Cardenas Ramirez, Commissioner for Children, Youth and Families.

Mr. CORMAN. Mr. Brodhead, would you like to make a statement?

Mr. BRODHEAD. I don't know what there is to add, Mr. Chairman, but that is a theme that seems to be recurring in the Congress of late. I recently talked with a delegation from my Governor's office, asking for additional assistance in this area and other areas, as has practically every Member of the House and the Senate. At the same time, we are being beaten over the head about the balancing of the budget.

We have to have responsible budgetary policies at both State and Federal levels. I would echo what you said, that the people at the State level should understand they can't have it both ways. They can't have additional assistance in this or any other area from the Federal Government and hope to get to a balanced budget in the reasonably foreseeable future. Thank you, Mr. Chairman.

Mr. CORMAN. Our first witness is Arabella Martinez, Assistant Secretary for Human Development Services. She is accompanied by Ernest Osborne and Blandina Cardenas Ramirez. We are pleased to welcome you to the subcommittee.

Ms. MARTINEZ. Also Mr. Herschel Saucier, Associate Commissioner for Children, Youth, and Families, is present.

Mr. CORMAN. We are pleased to welcome all of you and, as you testify, please identify yourselves for the reporter.

STATEMENT OF ARABELLA MARTINEZ, ASSISTANT SECRETARY FOR HUMAN DEVELOPMENT SERVICES, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, ACCOMPANIED BY BLANDINA CARDENAS RAMIREZ, COMMISSIONER FOR CHILDREN, YOUTH, AND FAMILIES; ERNEST OSBORNE, COMMISSIONER FOR PUBLIC SERVICES; AND HERSCHEL SAUCIER, ASSOCIATE COMMISSIONER FOR CHILDREN, YOUTH, AND FAMILIES

Ms. MARTINEZ. Mr. Chairman and members of the subcommittee, I am Arabella Martinez, Assistant Secretary for Human Development Services in the Department of Health, Education, and Welfare. Accompanying me this morning are Blandina Cardenas Ramirez, Commissioner for Children, Youth, and Families, and Ernest Osborne, Commissioner for Public Services. We are pleased to be here this morning to have the opportunity to present to you the administration's child welfare services and title XX legislative proposals.

Two years ago, Mr. Chairman, thoughtful members of your subcommittee and Representative George Miller were among the first to bring the issue to national attention and developed legislation designed to remedy many of the problems of the current foster care and child welfare systems. What you learned and what we learned was that the current system of foster care for children in this country is in crisis.

These facts were confirmed by the National Study of Social Services for Children and Their Families, a study conducted for the administration for Children, Youth, and Families. From that study we learned:

The number of children in foster care in 1977 was approximately 500,000, nearly three times the number of children in foster care as compared to 1961.

About 80 percent of the children in foster care are in foster family care, almost 400,000 children.

In only one of every five cases does the services plan for these foster children recommend a specific length of placement. In other words, the so-called temporary provision of foster care has no definite target date for ending the placement and for placing the child in a permanent family setting.

Over half of the children in foster care have been away from their families for more than 2 years; about 100,000 children have spent more than 6 years of their lives in foster care.

Nearly one-fourth of the children have been in three or more foster family homes.

Nearly half of the children who have spent 2 or more years in foster care have had at least four different caseworkers.

These data confirm our worst fears. We have a system that proclaims that foster care is just a temporary way station, that the child will be returned home soon or, if that cannot be accomplished, the child will be placed in an adoptive home or placed in a semipermanent foster care setting until more permanent arrangements can be made—but which does not deliver on that promise.

In response to these facts, we in the administration followed the Congress lead and developed a legislative proposal to improve the child welfare system.

Let me turn now to the legislation before us. I want to stress, Mr. Chairman, how much we appreciate your concern for the issues confronting us today and how much we appreciate your introducing the administration bill. We look forward to working closely with you toward enactment of this critical legislation this year.

The administration bill builds on our 1977 proposal and the objectives of H.R. 7200 of the 95th Congress. Our guiding principles in developing and refining this proposal were:

Emphasis on families: Our proposal allows families to seek help when problems arise, so that services designed to keep the family together are made available first. In cases where separations occur, our proposal encourages services and planning to insure that children are restored to their families where possible or placed in permanent family like settings when they cannot go home.

Protections for children and families: Our proposal protects legal rights, access to services, and limits the circumstances under which children can be removed against their parents' wishes.

Use of fiscal incentives to bring about reform: In seeking to encourage States to improve their child welfare systems, we are offering additional resources to the States to aid them in making these needed systems changes and improvements.

Fiscal control of expenditures: Our proposal provides accountability and fiscal control over State expenditures for maintenance payments and the costs of administering the program.

Consistent with these objectives, the administration's child welfare proposal has three major components: Reform of the existing foster care program, expansion of this federally assisted program to enable the States to provide adoption assistance to families who adopt foster children with special needs, and use of new Federal money in the child welfare services program to encourage States to improve and expand their system of services to children and their families.

We propose to establish a new program authority, separate from AFDC, under which both foster care maintenance payments and adoption assistance would be authorized. Foster care maintenance payments would continue to be available to AFDC-eligible children. Some key features would modify the existing program:

Due process protections for the children, biological parents, and foster parents would be insured.

While court orders are required on all involuntary placements, voluntary placements would be permitted, provided that a court or independent review is conducted and the child is restored to the family or freed for a more permanent placement within 6 months.

Small public institutions with 25 children or fewer could qualify for reimbursement for foster care maintenance payments, making possible more group home and residential treatment center placements.

Federal funds for AFDC-foster care are currently open ended. We believe that continuation of the present system of financing would exacerbate perverse incentives and continue inappropriate foster care placements rather than creating a program for working with children in their own home environments.

We are proposing to cap the foster care maintenance payment program in a way which promotes important changes. We would provide funding above current expenditures to accommodate the improvements the bill is designed to produce. At the same time, we provide incentives to the States to reduce inappropriate expenditures by allowing States to transfer all unused maintenance funds to their child welfare services programs for use in expanding services.

We propose that this new program be capped for fiscal year 1980 at 130 percent of the fiscal year 1978 expenditure level. For each of the following 4 years the ceiling level would increase by increments of about 10 percent and then would level off.

In order to expedite the process of States receiving their allocations, we propose a limit on the time for filing of claims. Disputed claims would be handled in the following manner: They would be considered as part of the State's base for the purpose of allocation until they are resolved. Once resolved, the allotment for future years would be adjusted to reflect the resolution of the issue. We propose to examine the effects of the ceiling on the foster care program and report to the Congress after a few years of experience under the new program.

With respect to adoption assistance to families, let me tell you a little about the process we envision. The adopting family would have to meet a simple income test in order to qualify for an adoption assistance payment once it had been determined that the family would provide a good home for the child.

We would set that limit at no more than 200 percent of the State's median income. These payments would continue until the child reached adulthood or until the family's income exceeded the income limits, whichever came first. The maximum amount of the assistance payment would be limited to the foster family home maintenance rate and the same Federal matching would apply. In order to aid families in adopting children with special medical needs, medicaid eligibility and coverage would follow the child.

The proper functioning of the child welfare services system depends heavily upon the availability of social services for children and their families, such as preventive, restorative, reunification, and adoptive services. Yet title IV-B now results in the allotment of few Federal dollars into those services.

We intend to change the system and improve it by promoting the use of these new Federal funds for the development of State systems for tracking, case review, due process safeguards, and preventative and restorative services for children at risk of out-of-home placements.

Under our proposal, title IV-B would be converted into an entitlement program, providing up to $209.5 million a year in new Federal funds—above the present $56.5 million base—to be made available to the States in two phases.

Beginning in fiscal year 1980, additional money would be available to the States for services, with the emphasis on designing and implementing State tracking and information systems, individual case review systems, and insuring due process procedures for children, biological families, and foster parents. These procedures include an administrative or judicial review of the status of all children in foster care to insure progress in finding permanent placements for children and a judicial review within 18 months in order to determine the appropriateness of a permanent placement for a child. After these reforms are in place, States could use any money left from this phase for systems maintenance and title IV-B child welfare services.

The remaining money would be available to the States to use for child welfare services after they have put their new systems in place. We propose to mandate that the States use at least 40 percent of their new title IV-B funds for services to keep children at home or to return them to their biological families.

To sum up, the administration's proposals will provide for:

The more appropriate placement of children by making Federal funds available for adoption assistance, greatly increasing the Federal funds available for preventive and restorative services, and encouraging specific procedural reforms to insure that the status of children is properly monitored;

Fiscal control over expenditures by imposing limits on the foster care maintenance program, including administrative costs, and assuring that new Federal funds will be well spent; and

Continued flexibility for the States in program administration by giving States positive incentives to adopt changes, by allowing improved State systems to allocate the new Federal title IV-B funds for services, and by establishing placement procedures to enable them to make sound placement decisions.

As you know, Mr. Chairman, we also have developed a proposal to improve title XX social services in several ways. Let me turn to those proposals now. We are proposing several amendments to the law. As I list them, it will become clear that they are substantially the same amendments that passed the House last session with minor differences and are included in H.R. 2474, the bill you just introduced.

Our proposals include a new permanent ceiling for title XX funding; a permanent restoration of provisions from Public Law 94-401, the special services for drug and alcohol abusers and the authority for the States to make grants to child care providers to hire welfare recipients; consultation with local officials in the development of a State's services plan; multiyear planning for title XX; provision of emergency shelter to adults as a protective service; and a separate allocation for the territories. Our new proposal would allow States to claim an amount equal to no more than 3 percent of their allotment for training expenditures.

Let me discuss briefly why we are proposing these amendments. First, as you well know, in 1978 Congress increased the ceiling for 1 year from $2.5 billion to $2.9 billion, including $200 million for child day care with 100 percent Federal support. Without congressional action the ceiling would revert to $2.5 billion after fiscal year 1979. We strongly believe that the $2.9 billion available in fiscal year 1979 should be made the new permanent ceiling.

We propose continuing for 2 years within the ceiling the special $200 million at a 100-percent matching rate, which we believe provides a priority incentive matching arrangement for the States. Our proposal is based on our examination of the ways in which the $200 million has been spent. We have learned that many States have used the funds for the provision of child day care services, and we want to encourage their continuance.

As you propose in H.R. 2474, we want to restore to title XX on a permanent basis two of the provisions authorized under Public Law 94-401. The first is the authority for the States to make grants to child day care providers who employ AFDC recipients. Second is the provision of special services for alcoholics and drug abusers. Under this authority, States may provide initial detoxification for drug and alcohol abusers and follow up with rehabilitative support services under title XX without these services being subject to certain title XX limitations.

Our proposal to enable States to develop a multiyear program plan instead of an annual plan has received strong support. States with biennial legislative sessions are especially receptive to this proposal since it would permit them to synchronize their title XX planning with State budgeting.

Our proposal would allow States to develop plans of up to 3 years in duration. States that chose a program period of more than 1 year would have to publish information about the services plan and make it generally available "at such times as the Secretary may, by regulation, require." We are proposing this language in order to give us the time to thoroughly consider the best way for States with multiyear plans to maintain communication with the public. We are considering several approaches and so believe it would be premature to put into the law specific language. Our proposal will also encourage the States to focus resources on areas of special need, such as urban areas.

From its inception, title XX has allowed States to provide emergency shelter to children as a protective service. It does not, however, permit the same shelter to be provided to adults. Last year you agreed with us that this was a serious omission and included language allowing States to use title XX funds to provide up to 30 days of emergency shelter in a 6-month period for an adult subject to or in danger of abuse, neglect, or exploitation.

We are also proposing, as does H.R. 2474, a separate allocation for the territories. Under current law the territories receive title XX funds only after the States certify to the Secretary that they will not use their entire allotment.

There have been two problems with this approach: First, because the States have expected to certify their full allocations, they have been slow to certify any funds as excess; second, the territories receive their funds so late in the fiscal year that they cannot adequately plan for their most efficient use. Our proposal for a separate allocation of $16.1 million outside the title XX ceiling guarantees that funds would be available to the territories on a timely basis.

Finally, let me explain our proposal to place a ceiling on State and local training provided under title XX. Since fiscal year 1976, the first year of title XX, costs for training have been rising rapidly. Since fiscal year 1976, expenditures for State and local training have increased from $31 million to an estimated $100 million for fiscal year 1980. We propose to place a ceiling on training costs beginning in fiscal year 1980. Under our proposal the level of training funds available to a State would be limited to no more than 3 percent of the State's allotment under title XX. This limitation would begin in fiscal year 1980 and be phased in over a 3-year period, allowing time for States to adjust their training allocations. The allocation for States over their limits would be reduced each year by one-third of the amount above 3 percent.

Placing a cap on training should not be construed to mean that we do not place importance on training. We recognize that managing social services programs effectively and efficiently and providing quality social services responsive to the needs of the consumer require a well-organized and well-managed training program under title XX. We support such training and do not believe that capping the funds available to the program will result in any lack of trained staff for the title XX program.

Mr. Chairman, that concludes my prepared statement. I want to thank you again for your strong interest in title XX and child welfare services and reiterate how much we appreciate your introducing our child welfare proposal. We look forward to working with you and members of the subcommittee to achieve the prompt enactment of this most needed and long overdue legislation. I will be happy to answer any questions you may have.

[The prepared statement follows:]

STATEMENT OF ARABELLA MARTINEZ, ASSISTANT SECRETARY FOR HUMAN DEVELOPMENT SERVICES, HEW

Mr. Chairman, and members of the Subcommittee, I am Arabella Martinez, Assistant Secretary for Human Development Services in the Department of Health, Education, and Welfare. Accompanying me this morning are Blandina Cardenas Ramirez, Commissioner for Children, Youth, and Families, and Ernest Osborne, Commissioner for Public Services. We are pleased to be here this morning to have the opportunity to present to you the Administration's child welfare services and title XX legislative proposals.

Two years ago, Mr. Chairman, you, thoughtful members of your Subcommittee, and Representative Geroge Miller, were among the first to bring the issue to national attention, and developed legislation designed to remedy many of the problems of the current foster care and child welfare systems. What you learned, and what we learned, was that the current system of foster care for children in this country is in crisis.

The foster care system is not working well: it takes children who cannot remain with their families but then too often never returns them home; it takes children whose own families can no longer care for them but then often fails to place them permanently in another setting they could consider home. Foster parents, who do much for the children placed with them, are often not given the chance to develop stable relationships with the children for which they care. Even when children with special needs are freed for adoption, and found a permanent home, the the federal government is not able to provide the assistance that might make such adoption possible.

And the services that should be provided to work with the families to enable them to keep their children at home, or get them back home once they had been placed in foster care simply are not being adequately provided.

From the "National Study of Social Services for Children and their Families," a study conducted for the Administration for Children, Youth, and Families, we have learned that:

The number of children in foster care in 1977 was approximately 500,000—nearly three times the number of children in foster care as compared to 1961.

About eighty per cent of the children in foster care are in foster family care (almost 400,000 children).

In only one of every five cases does the services plan for these foster children recommend a specific length of placement. In other words, the so-called temporary provision of foster care has no definite target date for ending the placement and for placing the child in a permanent family setting.

Over half the children in foster care have been away from their families for more than two years—about 100,000 children have spent more than six years of their lives in foster care.

Nearly one fourth of the children have been in three or more foster family homes.

Nearly half of the children who have spent two or more years in foster care have had at least four different caseworkers.

Even in cases where the agency had developed a plan for returning the child home, in one-third of the cases, there was no plan for visits between the child and the parent or another person who would care for the child if returned home.

There are more than 100,000 children in foster care awaiting adoption.

For more than one-third of the children, financial assistance to the adoptive family would be needed to meet their special needs.

No adoptive homes have been found for 50,000 of the children already legally free for adoption.

These data confirm our worst fears. We have a system that proclaims that foster care is just a temporary way station—that the child will be returned home soon, or if that cannot be accomplished, the child will be placed in an adoptive home, or placed in a semi-permanent foster care setting until more permanent arrangements can be made—but which does not deliver on that promise.

We in the Administration have taken a number of interim steps to deal with the problems of children in foster care. For example, three agencies concerned with foster care and child welfare services—the Administrations for Children, Youth, and Families, and Public Services, and the Office of Family Assistance—have formed an interagency foster care committee. The committee is working together to resolve interagency differences and enable the Department to improve programs for foster care children.

We have recently held a series of meetings with the states to renew efforts in joint federal-state planning for child welfare services.

And the Department of Justice has been involved in a number of cases directly affecting the out-of-home placement of children. These cases, in which the Department has sued an institution over the conditions of institutionalized persons, have pointed out the need for due process protections for children placed in out-of-home care.

Let me turn now to the legislation before us. I want to stress, Mr. Chairman, how much we appreciate your concern for the issues confronting us today and how much we appreciate your introducing the Administration bills. We look forward to working closely with you toward enactment of this critical legislation this year.

The Administration bill builds on our 1977 proposal, and the objectives of H.R. 7200 of the 95th Congress. In developing this year's proposal, we relied heavily on the wisdom and experience gained in your efforts during the last session. Our guiding principles in developing and refining this proposal were:

Emphasis on families—Our proposal allows families to seek help when problems arise, so that services designed to keep the family together are made available first. In cases where separations occur, our proposal encourages services and planning to ensure that children are restored to their families where possible, or placed in permanent family-like settings when they cannot go home.

Protections for children and families—Our proposal protects legal rights, access to services, and limits the circumstances under which children can be removed against their parents' wishes.

Use of fiscal incentives to bring about reform—In seeking to encourage states to improve their child welfare systems, we are offering additional resources to the states to aid them in making these needed systems changes and improvements.

Fiscal control over expenditures—Our proposal provides accountability and fiscal control over state expenditures for maintenance payments and the costs of administering the program.

Consistent with these objectives, the Administration's child welfare proposal has three major components: reform of the existing foster care program; expansion of this federally assisted program to enable the states to provide adoption assistance to families who adopt foster children with special needs; and use of new federal money in the child welfare services program to encourage states to improve and expand their system of services to children and their families.

We propose to establish a new program authority, separate from AFDC, under which both foster care maintenance payments and adoption assistance would be authorized. Foster care maintenance payments would continue to be available to AFDC-eligible children. Some key features would modify the existing program:

Due process protections for the children, biological parents, and foster parents would be ensured.

While court orders are required on all involuntary placements, voluntary placements would be permitted—provided that a court or independent review is conducted and the child is restored to the family or freed for a more permanent placement within six months.

Small public institutions with 25 children or fewer could qualify for reimbursement for foster care maintenance payments, making possible more group home and residential treatment center placements.

Federal funds for AFDC-foster care are currently open-ended. We believe that continuation of the present system of financing would exacerbate perverse incentives and continue inappropriate foster care placements, rather than creating a program for working with children in their own home environments.

We are proposing to cap the foster care maintenance payment program in a way which promotes important changes. We would provide funding above current expenditures to accommodate the improvements the bill is designed to produce. At the same time, we provide incentives to the states to reduce inappropriate expenditures by allowing states to transfer all unused maintenance funds to their child welfare services programs for use in expanding services.

We propose that this new program be capped for fiscal year 1980 at 130 per cent of the fiscal 1978 expenditure level. For each of the following four years, the ceiling level would increase by increments of about ten percent and then would level off. In order to expedite the process of states receiving their allocations, we propose a limit on the time for filing of claims. Disputed claims would be handled in the following manner: they would be considered as part of the state's base for the purpose of allocation until they are resolved. Once resolved, the allotment for future years would be adjusted to reflect the resolution of the issue. We propose to examine the effects of the ceiling on the foster care program and report to the Congress after a few years of experience under the new program.

With respect to adoption assistance to families, let me tell you a little about the process we envision. The adopting family would have to meet a simple income test in order to qualify for an adoption assistance payment, once it had been determined that the family would provide a good home for the child. We would set that limit at no more than 200 per cent of the state's median income. These payments would continue until the child reached the age of adulthood, or until the family's income exceeded the income limits, whichever came first. The maximum amount of the assistance payment would be limited to the foster family home maintenance rate, and the same federal matching would apply. In order to aid families in adopting children with special medical needs, Medicaid eligibility and coverage would follow the child.

The proper functioning of the child welfare services system depends heavily upon the availability of social services for children and their families, such as preventive, restorative, reunification, and adoptive services. Yet, title IVB now results in the allotment of few federal dollars into those services.

We intend to change the system and improve it by promoting the use of these new federal funds for the development of state systems for tracking, case review, due process safeguards, and preventive and restorative services for children at risk of out-of-home placements.

Under our proposal, title IVB would be converted into an entitlement program, providing up to $209.5 million a year in new federal funds (above the present $56.5 million base) to be made available to the states in two phases.

Beginning in fiscal year 1980, additional money would be available to the states for services, with the emphasis on designing and implementing state tracking and information systems, individual case review systems, and ensuring due process procedures for children, biological families, and foster parents. These procedures include an administrative or judicial review of the status of all children in foster care to ensure progress in finding permanent placements for children and a judicial review within eighteen months in order to determine the appropriateness of a permanent placement for a child. After these reforms are in place, states could use any money left from this phase for systems maintenance and title IVB child welfare services.

The remaining money would be available to the states to use for child welfare services after they have put their new systems in place. We propose to mandate that the states use at least forty per cent of their new title IVB funds for services to keep children at home or to return them to their biological families.

To sum up, the Administration's proposals will provide for:

The more appropriate placement of children by making federal funds available for adoption assistance, greatly increasing the federal funds available for preventive and restorative services, and encouraging specific procedural reforms to ensure that the status of children is properly monitored;

Fiscal control over expenditures by imposing limits on the foster care maintenance program, including administrative costs, and assuring that new federal funds will be well spent;

Continued flexibility for the states in program administration by giving states positive incentives to adopt changes, by allowing improved state systems to allocate the new federal title IVB funds for services, and by establishing placement procedures to enable them to make sound placement decisions.

As you know, Mr. Chairman, we also have developed a proposal to improve title XX social services in several ways. Let me turn to those proposals now. We are proposing several amendments to the law. As I list them, it will become clear that they are substantially the same amendments that passed the House last session with minor differences and are included in H.R. 2474, the bill you just introduced.

Our proposals include a new permanent ceiling for title XX funding; a permanent restoration of provisions from Public Law 94-401 (the special services for drug and alcohol abusers, and the authority for the states to make grants to child care providers to hire welfare recipients); consultation with local officials in the development of a state's services plan; multi-year planning for title XX; provision of emergency shelter to adults as a protective service; and a separate allocation for the territories. Our new proposal would allow states to claim an amount equal to no more than three per cent of their allotment for training expenditures.

Let me discuss briefly why we are proposing these amendments. First, as you well know, in 1978, Congress increased the ceiling for one year from $2.5 billion to $2.9 billion, including $200 million for child day care with 100 percent federal support. Without Congressional action, the ceiling would revert to $2.5 billion after fiscal year 1979. We strongly believe that the $2.9 billion available in fiscal year 1979 should be made the new permanent ceiling.

We propose continuing for two years within the ceiling the special $200 million at a 100 percent matching rate, which we believe provides a priority incentive matching arrangement for the states. Our proposal is based on our examination of the ways in which the $200 million has been spent. We have learned that many states have used the funds for the provision of child day care services and we want to encourage their continuance.

As you propose in H.R. 2474, we want to restore to title XX on a permanent basis two of the provisions authorized under Public Law 94-401. The first is the authority for the states to make grants to child day care providers who employ AFDC recipients. Second is the provision of special services for alcoholics and drug abusers. Under this authority, states may provide initial detoxification for drug and alcohol abusers and follow up with rehabilitative support services under title XX without these services being subject to certain title XX limitations.

Our proposal to enable states to develop a multi-year program plan, instead of an annual plan, has received strong support. States with biennial legislative sessions are especially receptive to this proposal since it would permit them to synchronize their title XX planning with state budgeting. Our proposal would allow states to develop plans of up to three years in duration. States that chose a program period of more than one year would have to publish information about the services plan and make it generally available "at such times as the Secretary may, by regulation, require." We are proposing this language in order to give us the time to thoroughly consider the best way for states with multi-year plans to maintain communication with the public. We are considering several approaches, and so believe it would be premature to put into the law specific language. Our proposal will also encourage the states to focus resources on areas of special need, such as urban areas.

From its inception, title XX has allowed states to provide emergency shelter to children as a protective service. It does not, however, permit the same shelter to be provided to adults. Last year, you agreed with us that this was a serious omission and included language allowing states to use title XX funds to provide up to 30 days of emergency shelter in a six month period for an adult subject to, or in danger of, abuse, neglect, or exploitation. We believe this expansion is important and are pleased that it has been included in H.R. 2474.

We are also proposing, as does H.R. 2474, a separate allocation for the territories. Under current law, the territories receive title XX funds only after the states certify to the Secretary that they will not use their entire allotment. The territories then have access to the unused funds—up to a ceiling of $16 million. There have been two problems with this approach: first, because the states have expected to use their full allocations, they have been slow to certify any funds as "excess"; second, the territories receive their funds so late in the fiscal year that they cannot adequately plan for their most efficient use. Our proposal for a separate allocation of $16.1 million for Puerto Rico, Guam, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands outside the title XX ceiling guarantees that funds would be available to the territories on a timely basis.

Finally, let me explain our proposal to place a ceiling on state and local training provided under title XX. Since fiscal year 1976, the first year of title XX, costs for training have been rising rapidly. Since fiscal year 1976, expenditures for state and local training have increased from $31 million to an estimated $100 million for fiscal year 1980.

We propose to place a ceiling on training costs beginning in fiscal year 1980. Under our proposal, the level of training funds available to a state would be limited to no more than three per cent of the state's allotment under title XX. This limitation would begin in fiscal year 1980, and be phased in over a three year period, allowing time for states to adjust their training allocations. The allocation for states over their limits would be reduced each year by one-third of the amount above three percent.

We believe that this proposal will encourage greater control, better utilization, and improved management of funds for training. The proposal would more closely and appropriately tie the level of training funds to the level of the title XX program, to which training was intended to be and should be carefully linked.

Placing a cap on training should not be construed to mean that we do not place importance on training. We recognize that managing social services programs effectively and efficiently and providing quality social services responsive to the needs of the consumer requires a well-organized and managed training program under title XX. We support such training and do not believe that capping the funds available to the program will result in any lack of trained staff for the title XX program.

Mr. Chairman, that concludes my prepared statement. I want to thank you again for your strong interest in title XX and child welfare services, and reiterate how much we appreciate your introducing our child welfare proposal. We look forward to working with you and members of the Subcommittee to achieve the prompt enactment of this most needed and long overdue legislation. I will be happy to answer any questions you may have.

Mr. CORMAN. Mr. Brodhead.

Mr. BRODHEAD. Thank you, Mr. Chairman. The problem which I have, Miss-Martinez, with HEW is that we don't seem to get very much cooperation with our efforts here. It is all very well to come down here with a documented statement, but if we are going to do something on behalf of the kids that we are worried about—these kids trapped in foster care—we are going to have to pass some legislation. In order to pass that legislation, we need some information. We have requested that information from HEW. I wrote to Secretary Califano on January 30, 1979, asking for some information about AFDC foster care children, and I said in the closing sentence of that letter, "In order to use the information during our consideration of the first Congressional budget resolution if possible we would like to have this information by February 14, 1979."

The letter was signed by Chairman Corman and myself. Now, to date we have not only not had a response to the letter, we have not even had an acknowledgment that it was received.

Now, if HEW is interested in action beyond giving statements and issuing press releases, you are going to have to provide us the information that we need.

We are going to mark up the Budget Resolution week after next. If we don't have this information these programs are not going to be included in the budget, and if they aren't included they won't be passed. The kids will be left behind for another year.

So I would wish for fewer public statements, fewer press releases, and a little more of the cooperation—a little more of the understanding of the legislative process. To date, I have not seen anything from HEW that would lead me to believe that you are at all serious about this. I just have no reason to assume that anyone from HEW is seriously concerned about this problem, because so far all we have seen is press releases. I think everybody here ought to know that HEW is not doing anything serious at all. They are sitting on their hands. That is all I have to say, Mr. Chairman.

Mr. **Corman.** Mr. Downey.

Mr. **Downey.** HEW always spoke kindly of you, Bill.

I just want to say that I could not agree more with my colleague from Michigan, and I think he has eloquently presented my position as well.

I would like to ask you some questions. I don't know where to begin. Why don't we start first with Child Welfare Services. I want to see if we understand that money put in Child Welfare Services will save us money in terms of foster care and institutionalized care. Can we agree on that as a premise.

Ms. **Martinez.** That is what we would like to accomplish, yes.

Mr. **Downey.** Let me start by asking you to recite some of the successful Child Welfare Services programs that you have seen under the funding that you have provided, the $56 million that you provided for in the past.

Mr. **Martinez.** Let me say that there has been little Child Welfare Services money in the past used for real services and that is the reason for our recommendation that 40 percent of the money in the future go to keeping families together and reuniting those families. Let me try to outline for you the actual amount that was paid. If we take both the State and the Federal money we find that for fiscal year 1978 it adds up to $695 million; $24 million has been spent on adoption; $30 million has been spent on day care to support employment of parents, not necessarily to support the children. Foster care maintenance payments have received $555,000, protective services only $41 million, and other kinds of services $37 million.

We cannot tell you how much of the $56.5 million is distributed on each service because the numbers cannot be broken out. But we would assume that the ratio is the same, so very little services have been provided, other services than maintenance care, day care, for children in the foster care system.

I have a long history of having been a social worker and a case worker. I am not unfamiliar with the problem. We said very early in our testimony that the Child Welfare System was in crisis and that is why we are proposing this bill. We do not believe, at this point, that there are very many child welfare programs in the country which we could call exemplary. There are a few but the basis of the bill is a desire to improve that system and to improve it greatly.

Mr. **Downey.** Can I ask Mr. Saucier: You were in Georgia and you were the Administrator of title XX. Is it your experience that the more money we provide for these types of child welfare services, the more we save, one, and two, can you tell me in terms of the pressure for the expenditure of title XX money whether or not child service organizations are the ones providing pressure points for you to spend more money or whether or not this money is spent in other areas, possibly day care or senior citizens.

I am concerned that when we give you this money for services, I believe—and I would suspect we would agree—the money we provide for services is going to save us money in foster care and in institutionalized care. It is a much more humane way of handling the problem of children.

Give me some idea of your experience as Administrator of title XX in Georgia. One, where did you get pressure from and, two, what was your experience with cost savings with respect to Child Welfare Services?

Mr. **Saucier**. First let me remind you that the amount of IV-B money going into States has been so insignificant that the way States have used, and was true in Georgia, the way they used the Child Welfare money, it has almost been a bookkeeping matter because of administrative simplicity. The small amount of money coming in was used to pay for foster care payments for non AFDC children. Usually, this will take care of each State's allotment for foster care with little emphasis on basic services to help keep families together and move children out of foster care.

In regard to cost savings, there is no question but that emphasizing services that will avoid inappropriate placements—services or requirements that States set up a system for monitoring children in placement, that there be a careful review and not just a paper review of where children are in placement, whether or not continued care would best serve their needs—this is going to move children out of foster care.

Mr. **Downey**. Which is what we want to do.

Mr. **Saucier**. To maintain a child in foster care will cost three or four times more than providing services, counselling services, homemaker services, chore services, supplementing the family support through day care. It will cost on an average throughout the country from $600 to $800 a year to provide counselling and case work services to families of children in their own homes. The cost for supporting a child in foster care, administrative responsibility, worker time, supervision could range between $3,000 and $6,000 and probably about $5,000 a year, probably more than that in States that are paying higher board payments. There is wide range in what it costs because some States are paying very little for the support of children in foster care. There is no question, but, under the provisions of this bill some of the requirements for States to claim their full share of the allocation, would be a tremendous savings in funds and should free up dollars to begin providing services that would help avoid——

Mr. **Downey**. I yield to Mr. Brodhead.

Mr. **Brodhead**. I find this testimony very interesting. I agree with what you are saying. What I don't understand is why you can't provide us with the documentation that we have repeatedly requested. Have you ever heard of the budget? Have you heard of the Congressional Budget Office or the budget process? Do you know how it works? I am a member of the Budget Committee, and they want facts and figures. We have asked for facts and figures, and you have not supplied them. If we don't get those facts and figures we can't get this item in the budget.

If this proposal is not included in the budget, we can't pass the bill. Do you understand that?

Ms. Martinez. Mr. Brodhead, that question is better addressed to me. Yes, we do understand that.

Mr. Fowler. Also if the gentleman from Michigan will examine his State and compare it to Georgia you will see which States recognize the value of budgetary processes and which don't.

Mr. Downey. That's on my time too. Would you respond to Mr. Brodhead.

Ms. Martinez. Mr. Brodhead I don't know what happened to your letter but I intend to find out. I regret you did not get your response. We have tried within the administration to be responsive. I will make sure that that is the first thing I look for when I get back to the office. You will get an answer and you will get it promptly if I have to write it myself. We don't just make press releases—not at least in my agency—and I think we have demonstrated our commitment to this child welfare bill now for almost 2 years. Our first testimony in support of the bill was in July of 1977 and we intend to keep pushing this bill as much as we can. We want it enacted.

Mr. Brodhead. I will point out the train is leaving the station in 2 weeks. If you are not on board, it ain't going.

Ms. Martinez. We will be on board, sir.

Mr. Downey. What I want to know, Mr. Chairman, is whether we are working under the 5 minute rule.

Mr. Corman. Why don't we do that, and give some other members a chance and we will come back to you.

Mr. Rousselot.

Mr. Rousselot. Mr. Chairman, I am new here so I will be glad to let you all go ahead. It sounds fascinating.

Mr. Corman. Mr. Fowler.

Mr. Fowler. Thank you, Mr. Chairman. I am sure you have analyzed the impact Madam Secretary, on current services of maintaining the current title XX ceiling. Given the high rate of inflation doesn't your recommendation call for real cutbacks rather than continuation of current program levels.

Ms. Martinez. These are austere times and we are trying to combat inflation. I suppose in real terms that you are correct, sir.

Mr. Fowler. Where is the additional money coming from to provide for the adult shelter program you are seeking to add to title XX?

Mr. Osborne. Mr. Fowler, that would come out of the basic ceiling. There would be no new money for that.

Mr. Fowler. I also understand that your recent figures show that day care funding is already declining as a percentage of title XX spending. Won't the elimination of the earmark as you propose accelerate that trend?

Mr. Osborne. First, those are estimates.

Second, we are not proposing the elimination of it.

Mr. Corman. Will the gentleman yield.

You and I have the same view of this. We apparently have a more faithful friend in OMB than in HEW on that one issue and the administration is asking for continuation for the earmark.

Mr. Fowler. I hope we had a persuasive voice in that conversation.

Mr. Saucier, maybe I ought to ask the administration this.

My impression has been that the Georgia title XX program has been sort of held up to the country as one of the finest examples of citizen participation and for its remarkable effectiveness. I would like you for the record Mr. Saucier to describe the program in Georgia and talk a little about it, its effects and find out why again if that is true—then I would be glad to hear from the administration—find out why you want to cut it back.

Mr **SAUCIER**. Thank you, Mr. Fowler.

Since I had a hand in that, I appreciate your observations. There has been a strong commitment that since this is a public social service program we needed to learn more about how to effectively involve the citizens of the State, consumers, providers or others, in knowing how the public funds were being committed, being spent and having a role in deciding whether or not the plans ought to be modified. It has been gratifying to see people willing to contribute their time in doing this kind of thing. If the administration proposal passes we also will encourage States to involve citizens of the States. We feel there should be a lot of participation in setting priorities, being aware of what is happening and what is not happening. With the Child Welfare program we will encourage States to make it an open process.

Mr. **FOWLER**. Any support from the panel, from administration representatives?

Ms. **MARTINEZ**. We believe that is an exemplary program in Georgia. Jim Parham, Deputy Assistant Secretary for Human Development Services was the head of Georgia Human Resources Agency so we are in very good hands in this administration.

Mr. **FOWLER**. A couple of other questions if I may, Mr. Chairman, before my time runs out.

Back to the ceiling again. I want your reactions on the question of whether or not this is really going to reduce any Federal outlays or whether what is really going to happen will be a transfer of funding for certain programs to other titles of the Social Security Act, such as Child Welfare, which have no Federal ceiling?

Ms. **MARTINEZ**. There are—regardless of whether there is a ceiling or not—intertitle transfers going on. Usually it is as a result of shopping for the best matching rate rather than whether there is a ceiling or not. That is an issue which I think the Congress needs to be concerned about. We in the administration are concerned and are trying to develop solutions to that particular problem.

Mr. **FOWLER**. Let me conclude by saying from my experience and from what we have heard I guess at least a Georgian can take some poetic license in kicking away at the administration without too much fear of anything except being sat on.

The title XX program, it is obvious to me, if you are talking about goals such as financial self support, strengthening family life, family planning, avoidance of inappropriate institutionalization in these times, this does not seem like the place to cut back. It seems to be a classic case of being pennywise and pound foolish especially as we all anticipate economic difficulties ahead and nobody in this room or any other room in this building yet thinks we have a handle on inflation. We don't have an economic policy that is discernible to those of us John Q. Citizens. We don't have an energy policy that is discernible. We don't have anybody in the country who believes that this scourge of the land is going to evaporate and then, when you come in with all of the kicking and screaming to have balanced budgets as a panacea for all life's illnesses, it looks like there are a lot of places that could be cut back and that the one program that is discernibly effective in this area—you are going after that. It doesn't make much sense to me.

Ms. **Martinez**. In the Office of Human Development Services we have a lot of programs besides title XX. Since fiscal year 1977 for the programs in the Office of Human Development Services including what we are proposing for 1980 there have been increases of more than $650 million for social services programs.

Mr. **Fowler**. I understand that, rightly or wrongly, but I don't know of any program—and correct me if I am a bit shooting in the dark, I am no expert in this area—but this seems to me to be the one program that is designed to decrease long term Federal obligations, which is what we are all after here, I hope, and to provide a cushion against long term economic hardship, isn't that right?

Ms. **Martinez**. It is not the only program. The vocational rehabilitation program has that as one of its major objectives in terms of the rehabilitation and employment of handicapped citizens. That is certainly true in terms of our programs for the developmentally disabled where the major emphasis is on deinstitutionalization. It is certainly true in terms of Headstart where you want to give not only the children but the parents an opportunity to increase their chances for economic self-sufficiency.

Many of our programs address those five goals. In some ways those goals in the title XX legislation are the goals of all of our programs.

Mr. **Fowler**. I thank you, Mr. Chairman. I have taken more than my portion.

Mr. **Corman**. Miss Martinez, I wonder if you would submit to us, this afternoon if possible, or for the record later, an itemized lists of those programs that you alluded to and show us the percentage increase in each of them. That would be useful to us I am sure. I think you have about as much chance of selling this subcommittee your title XX package as you have of convincing North Carolina tobacco farmers of the evils of cigarettes. I don't want us to get at odds with the administration over that one point. I think you will probably see the wisdom of communicating to the Secretary and the President our feelings and let's look at other ways we can cooperate in curbing spending.

[The information requested follows:]

Department of Health, Education, and Welfare,
Office of the Secretary,
Washington, D.C.

Hon. **James C. Corman**,
Chairman, Subcommittee on Public Assistance and Unemployment Compensation, House Committee on Ways and Means, Washington, D.C.

Dear Mr. Chairman: At your Subcommittee hearing Thursday, you asked that I provide statistics on the growth of programs within the Office of Human Development Services during the Carter Administration. I have attached a chart that lays out the budget requests and appropriations from the period of the fiscal year 1978 Ford Administration budget request, through the fiscal year 1980 Carter Administration budget request. I hope these will be helpful to you. You will note that the increase in budget request over a two year period is in excess of $1 billion dollars, or 22 percent.

I appreciate your taking the time to meet with me prior to the hearing. I enjoyed our conversation and look forward to working with you over the coming months to further improve these most important social services programs.

Sincerely,

ARABELLA MARTINEZ,
Assistant Secretary for Human Development.

Enclosure.

Program	1978 Ford Budget Req.	Revised 1978 Budget Req.	1978 Approp.	1979 Budget Req.	1979 Cont. Res. *Approp.	1979 Supplemental	1980 Budget Req.
XX - Grants to States	2,401,300	2,401,300	2,466,520	2,450,000	2,450,000*	2,620,100	2,650,000
Child Day Care	-----	200,000	216,657	200,000	198,300*	198,300	200,000
Urban Initiative	-----			(130,000)**			
State & Local Training	50,850	50,850	68,767	71,552	71,552*	90,000	75,000
Child Welfare Services	56,500	56,500	56,500	141,250	56,500*	56,500	141,250
Sub-Total	2,508,650	2,708,650	2,808,444	2,862,802	2,775,852	2,964,900	3,066,250
Administration for Children, Youth and Families							
Head Start	475,000	485,000	625,000	680,000	625,000	680,000	700,000
Child Abuse & Neglect	18,928	18,928	18,928	21,228	18,928	18,928	18,928
Runaway Youth	-----	8,000	11,000	11,000	11,000	11,000	11,000
Child Welfare Training	8,150	8,150	8,150	9,000	8,150	8,150	5,000
Adoption Opportunities	-----	-----	-----	-----	5,000*	5,000	5,000
Sub-Total	493,928	520,078	663,078	721,228	668,078	723,078	739,928
Administration on Aging	399,650	423,450	508,750	545,750	508,750	520,766	558,766
Rehabilitation Services Administration	850,000	851,700	875,500	911,815	867,200	926,212	919,119
Developmental Disabilities	58,125	58,125	59,125	61,937	59,125	59,125	58,437
Administration for Native Americans	33,000	33,000	33,000	33,800	33,000	33,000	33,800
Work Incentive Program	365,000	365,000	365,000	365,271	385,000*	385,000	385,000
Totals	4,708,353	4,960,003	5,312,897	5,502,603	5,297,005	5,612,081	5,761,300

* Appropriation
** Late Proposal, not in January Budget.

Mr. **Corman**. Mr. Rangel.

Mr. **Rangel**. Thank you, Mr. Chairman. I do hope that in light of some of the fiscal restraint policies that have been adopted by the administration they have more positive arguments presented by the people who have to administer the program in terms of protecting the poor and disadvantaged. I am certain that the information my colleague from Michigan is asking for would allow this committee to be of great assistance to you, since the President is very sensitive to criticism from within and demands a high degree of loyalty. Since we only have a 2-year contract I think we have a lot more latitude, but we need the information.

I see that the administration has adopted the provisions allowing for Federal reimbursement for public institutions serving 25 or fewer children. This was a big problem for us in urban communities.

I assume that this provision will cover children who are already in these institutions.

Ms. **Martinez**. From the day of the passage of the bill. Not retroactive.

Mr. **Rangel**. From the day the bill passes any child that is in the institution will be covered in the future. We are not talking about children who will just be admitted.

Ms. **Martinez**. That is correct, sir.

Mr. **Rangel**. Do you understand the difference?

Ms. **Martinez**. Yes, I do.

Mr. **Rangel**. Another concern that we have in New York and probably other States is the 130 percent ceiling that you put on the amount of a State's past expenditures. I don't know how realistic that is considering the ever-increasing cost of energy in New York and the higher cost of living. The ceiling is almost unrealistic and extremely low for a State such as ours. I know that you have given this some thought. Could you share that thinking with me?

Ms. **Martinez**. Maybe I could have Ms. Cardenas Ramirez answer that.

Ms. **Ramirez**. One of the important objectives of the ceiling is in fact to provide incentives to facilitate the removal of children from foster care when they have been placed there inappropriately.

Mr. **Rangel**. I can understand the incentive but when you are dealing with States which don't need the incentive, but which need the money to continue the progressive positions they have taken, it would appear that this type of language would penalize them.

Ms. **Ramirez**. We have been looking at this question for sometime and we would like to continue to explore the question with the committee and would be open to discussing that question with the committee.

Mr. **Rangel**. It seems like there should be some pass-through for those States which must incur higher expenses than others. My colleague from New York, Mr. Downey, and I will be thinking about some formulas which could bring a little more equity to this system, where at present those who provide the least benefits get higher re-imbursements than those who try to do what, I believe, should be the administration's goal.

Ms. **Martinez**. Mr. Rangel, that is 30 percent over the fiscal year 1978 expenditures of any State. We are saying that it is 30 percent over any expenditure of any State and that is a considerable percentage.

Mr. Rangel. In view of the expanded caseload that a State has to assume—so often in the city and state of New York we make people eligible—we find it difficult to make our contributions to the program notwithstanding what the Federal Government intends to do.

Ms. Martinez. We would hope more children would not be made eligible in this program. Our purpose is to decrease institutional care and foster care rather than to make more people eligible for foster care and institutional care.

Mr. Rangel. Why did you restrict this program to AFDC foster care programs? Why shouldn't the adoption assistance be available for all AFDC children?

Ms. Martinez. This particular pot of money does come from title IV(a) and there is other money which is not restricted in terms of AFDC eligibility including title XX.

Mr. Saucier. The adoption assistance would be available to any AFDC-eligible child just as AFDC foster care is. The same children eligible for foster home payments, under the AFDC foster care program, would be eligible for adoption assistance if they are special needs children, those that are difficult to place for a variety of reasons. That would be the only restriction, the special needs children who need permanent placement for whom there are barriers to adoption.

Mr. Rangel. In looking over the specs on the administration's bill, it appears as though a State could make adoption assistance payments to adoptive parents whose income did not exceed 200 percent of the State's median income.

In New York we don't have the income tests and therefore I am interested in hearing the justification for such a provision.

Mr. Saucier. The great cost for a number of handicapped children is unusual medical costs. With our provision medical eligibility would follow the child into adoption, if needed, in addition to the adoption assistance limitation, to enable the adopting parents to deal with unusual medical costs that the child might carry with him into adoptive placement.

Mr. Rangel. The restriction of 75 percent reimbursement is consistent with the fiscal constraints of the administration but if we have already determined significant dollar savings from this initiative why is the program only reimbursing States up to 75 percent of the cost?

Mr. Saucier. I don't believe the 75 percent requirement, Mr. Rangel, would create a problem because most States are already over-matching child welfare funds.

By investing State and local funds to the extent there will be State resources there to meet the 75 percent match requirement, if there are any exceptions at all it would be very rare. The IV-B program has been less than two-thirds Federal match and the proposal would increase that to 75-25. Getting all the major programs consistent with the 75-25 percent match would also provide administrative simplicity in regard to States planning and accountability.

Ms. Martinez. Mr. Rangel, may I make a clarification here?

The current match is 50 percent and as I understand a change in our specs it will be, it will continue at 50 percent, not at 75 percent for administrative costs. It will remain 75 percent training costs.

Mr. **Rangel**. Mr. Chairman I yield back my time.

Mr. **Corman**. Mr. Stark.

Mr. **Stark**. No questions.

Mr. **Corman**. May the Chair suggest if the administration witnesses are available we would appreciate your staying. We have a colleague, Mr. Miller, who is here to testify and his time may be somewhat restricted and I know we want very much to hear from him, I know the subcommittee will benefit from his testimony. After Mr. Rousselot, would you be able to stay and then come back for the remainder of the questions because apparently there are several.

Mr. Rousselot.

Mr. **Rousselot**. Thank you, Mr. Chairman.

Ms. Martinez I understand there was an Urban Institute study of title XX that indicates on the basis of preliminary data that 20 States representing nearly three-fifths of the Nation Social Service Program may not have used the additional funds provided ostensibly for child day care under Public Law 49-401 for that purpose.

In other words they substituted those funds for funds previously allocated for child care. The effect was no expansion of the day care services despite availability of these funds for which, unlike the rest of title XX, no matching funds are required to be advanced by the states.

Additionally, doesn't this record indicate that the earmarking may be more fiction than fact and that we should consider eliminating this distinction if we continue extra funding? Could you comment on this finding?

Mr. **Osborne**. That is absolutely true. As Congress passed the law there was no maintenance of efforts nor anything else in the law that required the States to mandate the States to do that so it is true.

Let me take this opportunity, Mr. Chairman, to say one other thing as a point of clarification. The administration is not proposing a cutback in title XX. There is some difference between what you have proposed as the ceiling and what Mr. Brodhead proposed as a ceiling and what we are proposing as a ceiling but we are not proposing a cutback.

Mr. **Corman**. Let's all be honest with each other. You send last year's DOD budget down to DOD and have those generals explain to you what kind of cutback that is.

Mr. Rousselot.

Mr. **Rousselot**. I certainly don't want to get in that conversation. Do you want to comment further?

Ms. **Martinez**. It was true in 20 States that was the case but those 20 States were in compliance with the law. They were not required to spend that money on day care. They could if they wanted to use that money for other social services at the 75-percent match. There were States who did use that money—many of those States were the poorer States where it was essential for them to have the 100 percent match. There are still States today that need that 100 percent Federal match; our proposal basically is to continue to help those States with that particular need because they are the poor States in our country.

Mr. CORMAN. If our administration witnesses don't mind we will be back with you in a few minutes.

Congressman Miller, the Chair would like to say there is no single member in or out of Congress who has been as helpful to this subcommittee in trying to wend our way through this very complex important problem than you.

We are pleased to welcome you.

STATEMENT OF HON. GEORGE MILLER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. MILLER. Thank you, Mr. Chairman. I am placed in a rather awkward position today because I have always in most cases been trying to convert people or to persuade people that something decent ought to be done about the foster care system. And now I find myself appearing in front of this panel, and it is a little difficult to believe that I need to try to persuade the members of this group to do something decent for children, because it is very clear by your agenda today that that is what you are undertaking. I dare say if the Senate had acted as fast as you had last year Mr. Chairman, and as this committee had in 1977, the lives of thousands of children in fact would be much different today than it was 2 years ago.

If they had acted, the basic rights of many thousands of children out of their homes would be violated to a much lesser extent than they are now. But the Senate did not act. They did not see the urgency. They did not heed the pleas of yourself and of other members of the House, of the administration. They did not respond, and as a result children continue to be taken from their families, they continue to be placed in mental institutions when they are not mentally ill, in jails when they have committed no crimes. They continue to be sent far away from their home community. They continue to be beaten, bruised and killed. I don't think it takes any great courage to raise hell with what went on in Guyana.

But that is the worst case scenario. Comparable tragedies went on in Texas before. It went on in Florida before. It went on all over this country and continues. Now we have another piece of evidence as to the inhumane system that currently exists.

My efforts in writing H.R. 1523 were to try to change that. This legislation, like its predecessor in the 95th Congress, was not written by me but by a lot of people who are in this room today and by people throughout the country who are concerned with children, and by the staff of this subcommittee, which brought great technical assistance. It was written to try to prevent so many children from entering the current system. It was built in the experience of local projects that have shown us that there are workable alternatives to ripping the American family apart. It was written to try and provide a system of support for families and to replace what really is a very brutal system of Federal intervention that now exists.

It is a system that, as I said, removes children without cause; where reviews of their status are perfunctory if not non-existent;

where volunteer children do not receive such reviews; where they continue to be moved time and time again without determining if this for the benefit of the child. What we really ask is, "is this for the convenience of the system?" The pressing demand for shelter is so great that I suggest that social workers and those people who care about these children don't have the time, the resources to do their jobs.

H.R. 1523 is an effort to try to provide protections to make sure that we provide a system of support for those families by offering them services. I am delighted to see that the administration bill, which I understand you Mr. Chairman will be carrying for them, makes this thrust of supporting the American family by providing services to the family in crisis. Study after study shows services were never offered before the child was taken from the home. The legislation would require that the child be placed in the least restrictive environment in the closest proximity to their natural home instead of allowing this movement of children across State lines or even great distances within States. Most importantly, the legislation requires the independent, periodic review of case plans. When we first started down this road—I hate to say this—in Mr. Stark's district there was a study that showed the average case review, where it took place, took 2½ minutes. They were trying to decide the future of a child in 2½ minutes before the court. I suggest that that is not independent and that is not a review. Most of it was recitation of what had happened to the child in the past, the fact the roof did not leak and it was fed, but no effort was seriously made to plan for the future.

Finally a dispositional review would be required after 18 months so that the placing agency has to make up its mind what it is going to do with this child. We know the alarming statistic—this is why I get so emotional when the Congress fails to act—those children who spend 18 months in foster care have an 80 percent chance of finishing out their youth in that system. HEW studies, GAO studies found that those children who are taken into the system for an anticipated 3 months spend a little over 2½ years. HEW has already discussed this morning how often they are moved in that 2½-year period.

So let me just plead with you—and I don't think it is necessary, as I say, given the membership of this committee—to move this bill with some dispatch, to use your technical ability to make it better and to include those suggestions and comments by the administration. At long last perhaps we can look at the end of this year with a bill on the President's desk that will provide some real support for the American family and will in fact perhaps change the lives of hundreds of thousands of children who today, through no fault of their own, are trapped in a system that is mindless and that is endless for them and provides no benefits.

In fact, all of the studies show—and especially in New York—that after an experience in the foster care system, children tended to deteriorate rather dramatically from where they were when they entered. I am not suggesting we are doing any great favor by including them in this system. Again this is not the Federal Government coming down and telling States how to do it, but this is really an effort to try to build on what so many local communities, so many private groups have shown to the Federal Government over the years—whether it is Nashville or Portland or New York or San Francisco, where project after project have shown us children need not enter the system. We need not spend that money. They need not be taken away from their families. There are alternatives to this massive traumatic intervention that takes place on a daily basis for thousands of children.

I will be delighted to respond to questions if it is necessary. I appreciate the reception you have already accorded me and this legislation and for your leadership, Mr. Chairman.

Mr. **Corman**. Thank you, Mr. Miller.

Mr. Brodhead.

Mr. **Brodhead**. I just want to thank my colleague for his eloquent statement. I wish everyone who is involved with this problem assumed responsibility for the solution and were as committed and dedicated to its solution as you are. If this were the case, the problem would have been solved long ago.

Thank you.

Mr. **Corman**. Mr. Rousselot.

Mr. **Rousselot**. Since I have been on this subcommittee I have been made more aware of what my colleague is talking about. I must admit that certainly he has devoted himself to the subject in a very careful manner. I guess we should act today.

Mr. **Miller**. I will wait. I will carry the bill.

Mr. **Downey**. I think we usually fill the record full of platitudes congratulating our colleagues on what they have done. I don't think I am going to do that. I think what George and Bill Brodhead have done in this area speaks for itself.

George, can you give me some examples of where Child Welfare Preventive Services have worked and very possibly saved us money in terms of foster care placement?

Mr. **Miller**. I was looking earlier this morning and it is in this material I have in front of me, there is the study that was done in New York City attributing what they cost of over restrictive placement of children meant in New York and it is in the hundreds of millions of dollars where children could have been placed with a member of their family or in their own home.

Let me give you some idea—when you look at this issue in terms of money when you set the child aside for a minute, let me give you some statistics from what happened in Nashville. The number of children removed from their homes and placed in some type of substitute care decreased after they started having independent reviews and front end services offered to families in crisis. It decreased from 353 in the program year 1969–70 to 174 in 1973–1974. Decrease of 51 percent.

The number of children institutionalized was reduced from 324 to 50 in those same years, a decrease of 85 percent. Maybe here is the most humane one. The number of children under the age of 6 who were institutionalized was reduced from 180 to zero. And let's go back to the dollars for a second.

In your State it could be $30,000, $40,000 to keep one of these children in an institution for a year. I am not sure that is for security when the child is under 6 so if that child could be kept with relatives or family. I think both you and Mr. Brodhead addressed the whole issue of whether we will allow those families to absorb these children and not suffer a financial detriment. That is what has to be done. Both of you have addressed that in your legislation.

We can cut the cost but there is a lot of people who have their own problems in today's world just trying to take care of their own children and if they have to take in their brother's sister's or their cousin's child then you start that family down the road to deterioration because that child is using resources that were originally allocated for the other two. So if we are going to pay $30,000 a year to keep them in an institution, do you think we might spend $300 or $400 a month to help that child along with a member of their own family?

In a lot of States that is not allowed. You can't do it because they don't want the family making profit. There are a lot of institutions doing very well under the existing system. That is a long answer to a short question.

Mr. DOWNEY. What you are saying is—what I am particularly interested in—is AFDC foster care just as an entitlement program. They want to cap some of it but we run the risk here, if we ignore the services, of it costing us more money. It is just that simple, isn't it?

Mr. MILLER. There appears in all the studies—and I am sure Miss Martinez can address this also, certainly Herschel Saucier can—there is a trade-off where there is early intervention. In terms of support there is a trade-off to later expenditures. The later expenditures are by a factor of 6 or 7 as opposed to what we spend on services.

Mr. DOWNEY. The reason I am ignoring the humanity issue is that it is obvious. That is not going to go anywhere. Let me ask you about the 25 percent match because I am concerned about that. You come from the proposition 13 State. Mr. Saucier said, basically some of the States were over matched and that he did not feel that that was such a hardship but given the fact we are going to be eliminating some funds and we may be taking away Federal revenue sharing and budget constraints doesn't it make more sense to you that we make this 100 percent even if we don't provide additional money.

Why have 25 percent, Mr. Chairman. Why not do 100 percent?

Mr. MILLER. I would support that effort because I think in some cases in this new economy that we are working in terms of State attitudes and people's attitudes, 25 percent is going to be difficult. I think you could have said 3 years ago 25 percent is not a terribly difficult match but I think that is something this committee will have to make a determination on. The children's out-of-home program in California was in such disaster prior to proposition 13 that there is probably little evidence that that effort would screw it up any worse than it was. It has had a devastating affect on children and they are supposedly the leaders but the current state administration has not done all that it might in terms of taking care of that trust responsibility. I think you are going to have to look at the impact on the States with this attitude because you can't consider this program in a vacuum in the sense that this is only 25 percent here, because cuts are hitting the States now from all different directions and when we add it up it is going to be kind of severe.

Mr. DOWNEY. Then we have two points to make. One, the fact that services save money and two, the fact that the requirement of the contribution for the services is going to deter the States from providing the services.

Mr. MILLER. I don't think we know the degree to which it will, but, yes, it will act as a deterrent.

Mr. DOWNEY. Let me ask you about your opinion on the cap which was addressed by the administration. Is my understanding correct that in 1974 we passed the Child Abuse and Prevention and Treatment Act which encouraged us to take a look at neglected and abused children. Get them out if we have to. How can we be putting a cap on foster care and at the same time encouraging schools and other social service agencies to take a look at these children and to place them in other places. Doesn't that strike you as trickery. Isn't that going to be a problem for us, to provide a cap on a program where we, one, don't know how many children are going to be placed in the system, two, we want to encourage people at the same time to look at neglected and abused children. Why do we need a cap?

Mr. MILLER. I am not a very good one to ask for an objective answer. I have always, in speeches before children's groups and others, said I wish somebody would bring a law suit on behalf of those children whom, because of our budgetary processes, are selectively told they can't participate when we already made a national determination that they are in need of help.

And the cap is part of the process. We determine this is 100 percent of your needs for a family of 4 but we are going to give you 60 percent. So be it.

We have made a determination as to the number of children, as to the magnitude of services that are necessary. We know what that costs but now we say we are not going to do it. What happens to those children that fall through the cracks. They will be back. They will be back. They will show up in the criminal justice budget, in institutionalization budgets. They will show up in abuse and neglect. So you can cap them here but they will squeeze out somewhere else. That is the tragedy in children's programs when you do that. I say this in jest but by the time we start placing caps on senior citizens' programs they don't have anywhere else to go. Children do. They go to jails. They go to mental institutions. They go everywhere. Poor seniors, they just sit home in desperation. Nobody will put them in jail. Nobody will put them anywhere else.

These kids are going to squeeze out, so the cap is a false economy. It is politics—it is politics. Nobody here is going to justify a cap other than the politics of it, and I appreciate the position the administration is in, but these kids are going to come back unless they slit their throats. The second leading cause of death among young people at this point is suicide.

So there is the ultimate economy, which is very brazen to say, but these kids come back to us time and time again, and the cap encourages that repeat performance on their behalf.

Mr. DOWNEY. Mr. Chairman, I have no further questions.

Mr. RANGEL [presiding]. Mr. Fowler.

Mr. **Fowler**. Mr. Miller, before we have to go to vote, would you point out what you think of the administration's proposal in this area and the differences between that and your bill?

Mr. **Miller**. There are differences. We all learned from the tragic mistake last year when we sat around and we were nitpicking for months and months and months before we got an administration bill. This committee couldn't wait and passed its own bill out of the House. Then the administration acted, and it sat in the Senate for the next year.

I would like to get the process on the road. I have great faith that the people in this subcommittee can deal with those differences. Sure, I would like to have it another way. I would like to have it all the way in terms of expenditures and the need here, but I think I would be foolhardy to start taking pot shots at the subcommittee level, before we had a chance to make some of those changes. Mr. Brodhead's bill is in conflict with the administration's; Mr. Downey's bill is in conflict with the administration's in various areas. But when I look at the supportive faces here, including yours, I am delighted.

Mr. **Fowler**. Nothing unpalatable that you want us to zero in on and take a close look at?

Mr. **Miller**. The cap presents some problems in terms of commitment to solving the problem. It really does. And the match presents those problems, and I just don't believe that a partial solution in this case does much for you. We are sort of traveling along that road now.

We sort of have a Federal program, 6-month reviews. We have that in existing law except there is no money to make it work. Outside of what private organizations have done and a few HEW pilot projects, the system does not work worth a damn. You don't have to go to a conservative State or a poor State; go to any State and you will find out the system does not work.

So we already have a partial solution and it is helping kids at a record rate. So those are the things that you will have to deal with as a subcommittee. They are going to be tough.

Mr. **Downey**. Will my friend yield? George, am I correct in understanding that if an AFDC-eligible child stays in his home, there is no cap on the amount of money that we provide, but if that same AFDC-eligible child gets involved in the foster care system for one reason or another, and his family income increases, that we are going to cap it?

Mr. **Miller**. Let the administration correct me if I am wrong but I think just for general maintenance there is no cap right today; we just maintain children if they come into the system and we will maintain them forever. Now, we may argue about where they should be placed, but just for the general maintenance there is no cap.

So if every State made the worst judgment and the children are in the most restrictive environment in a heavy institution, the cost, as I say, in New York could be $30,000 to $40,000 a year. In other States, institutions are designed around a quota of unfortunate children and the cost can be $25,000 or $30,000 a year. There is no cap on that, but that is a result of doing nothing at the front end, so that the bill just continues to go up.

Do you want to place a cap? I will tell you where to place a cap. Try that one. Tell the States you are not going to pay for long term maintenance and see how interested they become in preventive services. That is where I was when I originally introduced the bill 2 years ago.

Mr. **Rangel**. The chairman intends to continue through the quorum call. I am holding the chair until he gets back, so those members who would like to respond to the bells can do so at this time. Mr Miller, it is abundantly clear to me that your position is not found in the budget. But if we took a look at the defense budget, I wonder whether you would be able to project inflated costs and increases in it based on the deterrent value, and whether or not HEW might follow your comment.

I am talking about the deterrent value of future costs. There have been many articles written about it, but I think we can reach certain conclusions about what will eventually happen when a kid starts off going down the wrong track. Maybe we can get a better handle, as the defense people do, in presenting our case if we consider these future costs rather than talk about human misery. Do you know of any studies that have been made?

Mr. **Miller**. There are studies. There are organizations that have run out the cost of the child that has gone wrong, as they say. We would never offer up the hundreds of thousands of dollars it takes to support a child who has gone wrong for whatever reasons; we would never offer that as a reward for a child who has done well or a family who has done well.

On your point about the defense budget, I related we will spend $125 billion to make sure all those Russian children grow up not to make the wrong decision against our national interest. We have children who have declared war on this country. They are in our subways, on your streets, in our neighborhoods. You will find, when you look at those children, that the original trigger was, in many instances—in an overwhelming number of instances—something that was beyond the control of that child.

Mr. **Rangel**. We have no problem in the Congress and State legislative bodies appropriating moneys to imprison these children, so if you need more prisons, more police, more judges, and more juvenile courts in New York City, this is where we can find the money.

With all of the projects we have in New York, we just found $10 million for more policemen for the subways, but we can't find $2 million to prevent the kids from taking over the subways.

Mr. **Miller**. That is exactly the point. Unfortunately people assume that every juvenile delinquent, every hardened criminal, is somebody who made a rational determination to blow somebody else away. Many of these kids started out by being abused, as were their parents; they started out by being ripped out of their families by a social bureaucracy, and they are on the road, folks, and it costs a fortune to maintain them.

I appreciate your comments, Mr. Rangel. Hopefully that is what the attitude of this committee and their efforts will deter.

Mr. Chairman, I want to thank you for the time that your members and you have accorded me.

Mr. **Corman**. Thank you very much, Mr. Miller. Thank you for appearing. Your testimony is most valuable.

Would the administration witnesses come back to testify? I anticipate that this subcommittee will recess from 12 until 1:00 and, if necessary, for dinner from 6:00 until 7:00. Those who are scheduled to be witnesses today will be heard. We appreciate your patience but, as you can see, all of the members are very much interested and have questions, so we may run some time today, but we will definitely hear you.

I am sure we won't get past the administration witnesses this morning, so any of you who want to go on and make other arrangements we will recess for 10 minutes. I would hope we would start the panel at 1 o'clock.

[A brief recess was taken.]

Mr. **Corman**. The subcommittee will come to order. Mr. Downey will inquire.

Mr. **Downey**. I want to follow up Mr. Rangel's question. My understanding is that even if a child is AFDC-eligible but was voluntarily placed before the enactment, there is no reimbursement if he is placed in a small public group home, that the administration makes the child ineligible for Federal reimbursement. Also I would like to know, if a child is AFDC-eligible but is voluntarily placed before enactment of the bill, whether there is reimbursement for adoption subsidy.

So the first question to review is: AFDC-eligible but was voluntarily placed before enactment—there is no reimbursement if he is placed in a small public group. Can you tell me if that is the case?

Ms. **Martinez**. No retroactive reimbursement, no, sir.

Mr. **Downey**. It would seem to me one of the things we want to do, one of the whole purposes of the process of review, is to find these kids and do the review and get them out. Why can't we provide reimbursement to find these kids? And first I should ask you: Do we do that? Do we reimburse for voluntarily placed?

Ms. **Martinez**. No. We are recommending in our proposal that we pay for voluntarily placed children. There are several provisions. One, there has to be some kind of review, possibly a court review.

Mr. **Downey**. From the date of enactment on?

Ms. **Martinez**. That is correct.

Mr. **Downey**. What concerns me is that, prior to enactment, we have all of these voluntarily placed kids in this system, and doesn't it make sense for us to provide some sort of reimbursement so we can do a review to follow up to see if these kids should stay in the system?

Ms. **Martinez**. The first year it is required by the law that they——

Mr. **Downey**. To go back and then be reimbursed?

Ms. **Martinez**. No; but they must find all of these cases; they must track all of those children. So we would be reimbursing the kids.

Mr. **Downey**. I am not so sure I understand your answer and please bear with me. We have a whole host of children who are in the system today who have not been followed up, some of whom have been voluntarily placed. The whole impetus for both George

Miller's activities and bill and for my bill is that we are concerned that the system is not working. I think the administration will agree with that.

Ms. **Martinez**. We agree with that, sir.

Mr. **Downey**. Doesn't it make sense to encourage the States to do these follow-up reviews and to look after these children?

Ms. **Martinez**. That is it exactly.

Mr. **Downey**. You claim you do that?

Ms. **Martinez**. No; we are recommending that in the bill.

Mr. **Downey**. I am not sure I understand, the way I asked the questions, but I hope that would be one of the principal things we would be concerned about.

Ms. **Martinez**. This is Mr. Suzuki, who is Deputy Commissioner of the Administration for Public Services, the title XX agency. He has been here a long time and he knows all of the ins and outs. Let me have him answer that question.

Mr. **Suzuki**. You are concerned about children who are placed in foster care who have not been AFDC-FC and you are making the point that, in the proposed AFDC amendments for E, it still relates to children who are in the AFDC-eligible category. I just wanted to make the comment that services such as title XX are not necessarily linked at all to AFDC-FC eligibility, so that there are foster care service activities that a State may wish to undertake for kids already in placement, not payment of their care.

Your concern is services, that there are ways of using service dollars in terms of reviews and other activities. And obviously in IV-B, the one thing that is different from IV-A is that IV-B is open for all children regardless of eligibility. In other words, there is no AFDC-link eligibility, so there are really two parts.

Mr. **Downey**. Let me rephrase the question so we might address one of my particular concerns. That is, for an AFDC-eligible child voluntarily placed before enactment, there is no reimbursement for adoption subsidy?

Ms. **Martinez**. No retroactive reimbursement.

Mr. **Downey**. On the 75-25 match that we were talking about before, if you recall, Mr. Saucier, before I ended my inquiries in the first round I was asking you, about your experience as a title XX administrator, where the pressure came from for the service dollar, and at that point, I think, I yielded to Mr. Brodhead, who looked irrevocably lost. Could you explain to me where the pressure is, where you found that pressure to be?

Mr. **Saucier**. It comes from everywhere.

Mr. **Downey**. Where does it come from the most. Is there one group that is better organized than another?

Mr. **Saucier**. Where some problems touch people from all socioeconomic levels, these groups are usually in a better position, have more influence, they are better organized, have more energy to work together for resources. We have an unusual responsibility for children, yet we have advocates for children providers, agencies, pressure comes from everywhere, and States have a difficult task of making decisions on where are they going to place it.

The emphasis of these amendments focusing on the needs of children and youth and families will assist the States in looking at children as a priority need. Of course, we recognize that States are utilizing, by and large, all of their title XX dollars. Therefore it is so vital that we give some additional resources to title IV-B that is targeted to kids and youth and families in order to give added emphasis and visibility to these families.

Mr. DOWNEY. Can we address the 75-25 match for a moment. You talked about overmatch. My concern is simply that even the 25-percent requirement, given the existing budget constraints on the States, is something that they are liable to shy away from. And if I am wrong, tell me where I am wrong.

Mr. SAUCIER. Let me give you some specifics. Now, it is easy to get confused between title XX, the programs there and the difficulty of finding a match, and title IV-B, the child welfare amendments portion of this bill. On an average throughout the country somewhere between 6 and 8 percent of the financing of child welfare services under IV-B in this country comes from Federal dollars. Most States are putting in more than 90 percent of the cost of financing child welfare services under title IV-B of the Social Security Act.

Mr. DOWNEY. But if they then use those Federal dollars from one responsibility to provide a match for the other, they have to take it from somewhere, don't they?

Mr. SAUCIER. There is a clear maintenance-of-effort clause in the administration bill that states that total expenditures of States for these child worker services can be no less than in the year prior to enactment of the bill. We feel that is a very important provision of the bill so there will not be shifting, inter-title transfers or phasing out child welfare title XX funds.

Mr. DOWNEY. I have not seen your bill. If I am not mistaken, it arrived last evening, and so I have not had an opportunity to see it. And if I understand your maintenance-of-effort requirement, it is a requirement that says that if you do not maintain the effort you will be penalized. Or does it just say, "We would like you to maintain the effort"?

Ms. MARTINEZ. There would be penalties.

Mr. DOWNEY. What would the penalty be?

Ms. MARTINEZ. They would not get the money if they didn't maintain the matching rate. We strongly believe it must be a Federal-State partnership. There is no partnership if it is 100-percent Federal money. Then it is truly a Federal program, perhaps administered by the State. We have a very strong feeling that there should be a Federal-State partnership.

Mr. RANGEL. Would the gentleman yield? I am all for partnerships, but has the administration examined what the cost to the Federal Government would be in other areas if, in fact, we did not have that program at the 75-percent match? In other words, sometimes we have partnership just for the sake of partnership. Other times it could be that the Government wants to save, not monies just for the State, but monies that the Federal Government will have to pay in other programs. Isn't that some type of a consideration? Are we locked into this partnership?

Ms. MARTINEZ. I think, first of all, the issue of the difference in matching rates is a major issue that needs to be considered by the administration and the Congress. Second of all, in terms of the 75-

25 match, that is quite a rich match. There are very few programs in the Government that have that high a level of match.

Mr. **Rangel**. That was not my point. Mr. Corman is talking about saving the State money and I am talking about saving the Federal Government money.

Ms. **Martinez**. Do you want us to raise the matching rate?

Mr. **Rangel**. What I am asking is: Is there any data collected to show that the Federal Government will be saving money by a 100-percent match?

Ms. **Martinez**. Not that I know of but I certainly will check that out. I don't believe there is any way we would know that a 100-percent match would save money.

Mr. **Rangel**. I am talking about bringing kids into this program that might go into other programs where we are locked into spending money for matches that are less equitable.

Ms. **Martinez**. I think there is a misunderstanding. There are two titles that we are proposing here, and I was saying earlier to the chairman that we are talking about two specific titles, IV-E—moving the AFDC foster care program from title IV-A and making a new section, IV-E—that is where you have the cap—and IV-B, which is the social services part, where you don't have a cap; you do have an authorization level.

The administration, in the IV-B social services part, is saying we are proposing up to the authorization level of $266 million for IV-B. And it would be an entitlement, so the States could collect up to that level after the first year. On IV-E, that is where we have the cap and that is where we believe the incentive to deinstitutionalize children is important.

You can continue to allow the States an open-ended appropriation to use just the foster care system or the institutional care system for children. If you leave that open-ended they will more likely do as they have done. If you see the increases in the number of children over the last 10 years, you can see that factor.

But you will see that, wherever there is a cap on social services, they will then use the program moneys. We are saying: Put the cap on the IV-E proposal so that you can reduce the number of kids in foster care and institutional care. Increase the money for the services in title IV-B all the way up to the authorization level so that, in fact, services would be provided.

Not only that but we say that if you have any leftover money from IV-E, the foster care maintenance program, it can be shifted to IV-B for social services. That is very important. You are concerned about services. So are we. We are also concerned about the increasing numbers of children in foster care and we want them reduced.

Mr. **Downey**. Let me see if we can trace back some of your logic. You said that, with additional services—and I think this was the first question I asked you—you believe you can save money?

Ms. **Martinez**. That is correct.

Mr. **Downey**. We pretty much agree with that portion of it. And you said that, if we were to provide no 75-25 for the match, we would not encourage the States to provide any additional services and you just said that it doesn't save any money; that was your answer to Mr. Rangel, was it not.

Ms. **Martinez**. I am not following you, sir.

Mr. **Downey**. Maybe I am not being clear.

Mr. **Rangel**. I asked whether a 100-percent reimbursement would not save the Federal Government money by taking kids out of the institutions where we already are locked into matching requirements.

Mr. **Downey**. As an inducement to do something else with them, is that correct? And you said no, that was not going to save money. But you also said services save money. Now, does that make sense or am I confusing the issue?

Ms. **Martinez**. I think it does. I think the issue is not where the money comes from; it is whether the services are provided.

Mr. **Downey**. You don't think any additional services are going to be provided. Let me just deal with this partnership and I will let you respond. I understand what the administration is saying with respect to the partnership. Charlie likes them and I like them. I am one of the administration's principal supporters. I think it is all wet with this bill, and when I see the President, I intend to tell him. But what you are saying and what we all agree with is that the services save money and what you are also saying is that the 75-25 really is a good partnership, something we should have for whatever reason, but that the 100 percent does not induce anybody else to get involved in the services.

Ms. **Martinez**. Let me give you some facts. Out of 75-25 match that would mean there would be $266 million of money, Federal dollars, when we finally get to that point, plus we would have 25 percent more State money above that $266 million. Now at a 100-percent match there would be a total of $266 million. So in fact more kids would be served with the match than without the match.

Mr. **Downey**. I hope you are right.

Ms. **Martinez**. That is absolutely correct. The numbers are there.

Mr. **Downey**. I have more questions, Mr. Chairman, but I know Mr. Brodhead has some and I will wait.

Mr. **Brodhead**. I wanted to say one thing. I have been pretty harsh withthe administration people here today, and it is not because I doubt the administration's commitment to the solution to these problems. The fact of the matter is that, for whatever reason, we have not had the kind of cooperation that we need in order to achieve legislative solutions.

I think if you gave it a little reflection, you would understand that members are not tripping all over themselves to serve on this subcommittee, you know.

This is not one of the prime political subcommittees. There is nothing that you do here to get reelected. This is not where the prestige is in this Congress. This is a subcommittee that is trying to address some very difficult problems, and we don't get much cooperation or understanding from anybody. We would hope that we could develop a closer working relationship with the people in HEW who are, I believe, as intelligent and as committed to the solution of these problems as we are.

I have had my staff redraft the letter I sent to Secretary Califano. I have provided you with a specific request: We would like to have some information about projected cost savings from an adoption subsidy program. We are not going to see eye to eye on everything—but if we could rise above some of our smaller differences and if the administration could be more responsive to the requests from the members of this committee and the staff of this committee, I think we could greatly expedite the solution to this problem.

Ms. **Martinez**. Mr. Brodhead, I made a commitment to you that I would get those answers for you immediately. I have found out the letter did not come to us.

Mr. **Brodhead**. I addressed it to the Secretary, Mr. Califano.

Ms. **Martinez**. But it did not come to us when it was handed down through the ranks for a response, but we will get that answer and we will get it to you as fast as possible.

Mr. **Brodhead**. I look forward to a better relationship in the days to come, and I thank you for your cooperation.

Mr. **Corman**. Mr. Rangel.

Mr. **Rangel**. Does the Federal reimbursement cover a child voluntarily placed for adoption by an AFDC family?

Ms. **Martinez**. After the enactment of the law it will, if certain procedures are followed in terms of court review or special panel review of that child, yes.

Mr. **Rangel**. Suppose the adoption takes place—what would the court have to do, just go through the legal technicalities?

Ms. **Martinez**. When you say voluntary placement you don't mean placing them for adoption?

Mr. **Rangel**. Yes, I do.

Ms. **Martinez**. There are two processes we are talking about. One is a voluntary placement. In that case, after the enactment of the bill, if there were court review or special panel review, then the money would follow the child to that temporary placement. In terms of adoption——

Mr. **Rangel**. What is the necessity for court review in that case? What protections are we giving?

Ms. **Martinez**. We are insuring that it is voluntary and that in fact there is due process for the child, biological parents, and also in terms of foster parents. We also want to make sure that that is the right assessment to make. It is not just the court. It could be a special panel on the voluntary placements.

Mr. **Rangel**. How are you taking a child away from the parent if the parent voluntarily places the child?

Ms. **Martinez**. It has been known to happen, but let me defer to my expert here.

Mr. **Saucier**. Mr. Rangel, voluntary placements under IV-E would be allowed, but if the child remains in placement for 6 months it must have administrative or court review to assure that the placement is in the best interest of the child. If the decision is made that that child can best be served through adoption, then the adoption assistance will follow the child if it is a special-needs child.

Now, the bill provides certain broad conditions or definitions of special need, but States will add substance to those conditions—physically handicapped, emotional disturbance, large sibling groups, mixed racial backgrounds, these kinds of things. So the court review is not related specifically to the adoption assistance but the child must be eligible for AFDC foster care in order for the assistance payment to follow it into adoption if it is a special-needs child. This is not for all AFDC children needing adoption or where adoption is appropriate.

Mr. **Rangel**. My colleague was asking if this would apply to children who were in the system prior to enactment of the legislation?

Ms. **Martinez**. There is no retroactive provision.

Mr. **Downey**. It is not a question of just retroactivity. These are kids who are lost, that you want to provide some sort of carrot to go after them and look for them.

Ms. **Martinez**. We will be looking for them. That is where the management information system will be set up. If they are already adopted they are already adopted.

Mr. **Downey**. I am not talking about kids that are adopted. I am talking about kids in foster care.

Ms. **Martinez**. There will be no retroactive reimbursement. There will be requirement to have a management information tracking system for all children. They will have to identify every single child.

Mr. **Downey**. I don't want to be confused. I am not talking about paying for the years that they were in the system, I am talking about a subsidy starting from the date they are reviewed.

Ms. **Martinez**. You are not talking about adoption?

Mr. **Downey**. Just the foster care payment starting from the date they are reviewed.

Ms. **Martinez**. If they are in foster care on the date of enactment and they were voluntarily placed on the day of enactment of the bill they would then be entitled—if they are eligible for AFDC—for payment. Because they were placed there previously does not have anything to do with it.

Mr. **Saucier**. May I point up a relationship between the IV–B requirements and the AFDC foster care provisions. The additional money that will come from IV–B will require States do a thorough inventory of all children in foster care. At that point they will identify those children who are AFDC eligible, as well as all other children who are placed from other funding sources, so there is an integral relationship between some of the requirements in the IV–B child welfare amendments and the AFDC foster care changes that we are advocating.

Mr. **Downey**. Can I ask one question about the AFDC foster care cap?

Mr. **Corman**. Sure.

Mr. **Downey**. I understand from your explanation that the purpose of this is to prevent the money from being wasted on institutionalization, and that in this sense it provides some incentive. Can you assure me that, as we learn more about neglected and abused children, that this will be enough money to put them in foster care in the event we need to do that temporarily?

Ms. **Martinez**. I can assure you, as much as we know today, we believe that we have been generous in the cap. We are paying for every single kid in the system and every single kid who is going to be put into the system until the day this bill is enacted.

Ms. Ramirez. Mr. Downey, I think the answer is we can't. I administer the Child Abuse and Neglect program, and it is a very difficult thing to do because you are constantly reminded of emerging problems in this area, particularly around sexual abuse. So, no, we can't say that there will be enough money for all the kids that we might find. We know from a preliminary study that some one-third of the cases of the kids who are abused are currently being reported. It is a difficult problem, but we have made provisions and a commitment to review this provision, and this committee will have the opportunity to review that with us. What we are saying is that, while the figures are difficult to master at this point, we will be looking at it and it is not our intent to deny foster care when it is appropriate for a child to be placed in foster care.

Mr. Downey. It seems to me we run a risk here—I agree with you, although I don't know that I would come to the exact same conclusion—I agree with your wanting to provide some incentive to the States to not put the kinds in institutions. No one disagrees with you there. I am just so concerned that a cap is not the way to do it. You heard what George Miller said about his feelings about a cap and what happens is there are more neglected and abused children.

What happens if the 1974 law works in terms of identifying these children, and what happens if this is not enough money? Your assurances today do not help the kids any. I know you want to help those kids. That is why you are here. In a way I wish we could be a bit more candid with you.

I would like to take you out privately and see what you think about some of these caps on foster care because I dare say it would probably be a lot different than what you are telling me today.

Ms. Martinez. With respect to IV-E, I would have to tell you that I would differ with you privately, not just publicly. I really believe that we must cut the incentives to instutionalize children, so on a private basis I would also disagree with you.

Mr. Downey. Are you happy with the mechanism?

Ms. Martinez. Yes. I think it is absolutely essential.

Mr. Downey. I wish I could be as comforted by this mechanism as you are. I am not. And fortunately for the children, I am the [illegible] who is going to vote on it.

Ms. Martinez. We do have a provision to review this, and we intend to keep very close tabs on it so we are not closing the door on that subject. We have not said this will be our position forever. For the present this is our position.

Mr. Downey. Mr. Chairman, I would like to close with just something for our witnesses. I served for 4 years on the House Armed Services Committee. We used to deal with $219 million for tanks in maybe a minute or two; $9 billion in ten minutes for the purchase of airplanes and cruise missiles and things like that. It seems to me we spend a lot of time here talking about, arguing with each other, as to whether or not $219 million or $230 million is an appropriate cap for foster children.

We have our priorities, and this administration—which I support—has its priorities very, very mixed up.

Mr. Corman. Are there any further questions of the administration witnesses? We were pleased to have you with us.

We will start again at 1 o'clock with the panel.

[Whereupon, at 12:15 p.m., the subcommittee recessed, to reconvene at 1 p.m.]

AFTERNOON SESSION

Mr. CORMAN. The subcommittee will resume its hearings.

We are pleased to welcome Melvin Evans, delegate from the Virgin Islands; Juan Luis, Governor, Virgin Islands; and Gwendolyn Blake, Commissioner of Social Welfare.

STATEMENT OF HON. MELVIN H. EVANS, A DELEGATE IN CONGRESS FROM THE U.S. VIRGIN ISLANDS

Mr. EVANS. I want to thank you, Mr. Chairman. It is my sole duty this afternoon and a pleasure for me to present to you the Governor of the Virgin Islands, Governor Juan Luis. He is very young as you see, and this is the modern trend I presume. He took over his duties in January last year at a very difficult time when his predecessor died in office and he was suddenly called.

He has done a very good job in the Virgin Islands and was reelected in his own right in November. It gives me great pleasure to present the Governor of the Virgin Islands, Governor Luis.

Mr. CORMAN. We are pleased to welcome you. This supremacy of youth worries me more than it does Mr. Rangel.

Mr. RANGEL. Mr. Chairman, I hope if we do not fully understand all of the testimony that is about to be given this afternoon that you will give the committee an opportunity to hold hearings in the Virgin Islands some time so we can better understand it.

Governor LUIS. We will be pleased to welcome you.

STATEMENT OF HON. JUAN LUIS, GOVERNOR OF THE U.S. VIRGIN ISLANDS, ACCOMPANIED BY GWENDOLYN BLAKE, COMMISSIONER OF SOCIAL WELFARE

Governor LUIS. Thank you, Mr. Chairman and members of the committee. I have with me on my left Commissioner of Social Welfare Mrs. Gwendolyn Blake, who is thoroughly familiar with the subject I will be presenting, and I would ask that any questions directed on this matter be directed to her.

It is a great pleasure for me to be here today to speak in support of the recommendations of this subcommittee of the Committee on Ways and Means.

The committee has recommended two amendments to the Social Security Act which are of extreme importance to the people of the Virgin Islands: (1) Extension of the $2.4 million ceiling on Federal public assistance funds enacted last year, and (2) a guaranteed entitlement of $500,000 under title XX of the Social Security Act.

We were extremely pleased last year when Congress enacted an increase in the ceiling on Federal public assistance payments for the Virgin Islands for the first time since 1968. I think you can appreciate that our elation was tempered considerably when we learned that the increase from $800,000 to $2.4 million was for fiscal year 1979 only.

Welfare benefits had not been raised in the Virgin Islands since 1970 despite an increase in the cost of living of over 50 percent. In light of the serious hardships our public assistance recipients have experienced, I decided that the only just course of action would be to use the additional Federal funds to raise benefits, although I am fully cognizant of the problems which will occur if the Federal increase is not continued at the new level.

Effective October 1, 1978, the Virgin Islands benefit level for one person was raised from $52 per month to $78. Attached to my statement you will find a complete schedule of the new benefits. Despite those raises, the benefits are still grossly inadequate. A single elderly person continues to receive less than half the benefit which would be available under the Supplemental Security Income program if it were extended to the territory. An AFDC family of four receives less than half of the benefit paid in the State of New York, where the cost of living is 25 percent lower. Nevertheless, the new benefit levels do represent a substantial improvement and I strongly believe that they must be maintained.

Let me be frank with you in saying that the Virgin Islands Government simply does not have the money to pay this new benefit level without an extension of the $2.4 million ceiling. Virgin Islanders have consistently contributed more toward the cost of welfare benefits than the Federal Government. In fact this will be the first year since 1950, when Federal welfare laws were extended to the territory, that the local government share will be less than the Federal share.

We intend to maintain our past level of spending to supplement any Federal monies received so that we can pay the highest possible benefit. However, the present financial condition of the territory makes it impossible for us to pay more if the $2.4 million Federal ceiling is reduced. Although a reduction in benefits will cause welfare recipients great hardship, the local government has no other alternative. The increased Federal moneys were passed on to our welfare recipients and I am afraid that any reduction in Federal moneys will also have to be passed on to clients.

The second recommendation of the subcommittee of special interest to the Virgin Islands is the guaranteed entitlement of $500,000 under title XX. This money is absolutely essential to maintain even a minimum level of social services for our residents. We have been informed by the Department of Health, Education, and Welfare that we may receive no title XX funds this year due to the increased expenditures of the States. As a result, the Virgin Islands is facing a substantial deficit in its funds for foster care and the Department of Social Welfare is operating with one-third less professional social services staff than last year. The $500,000 entitlement under title XX must be enacted and it should be made retroactive for fiscal year 1979 in order to insure that the territories will receive funds this year.

While we strongly support the two provisions that I have discussed, I hope that you view these as only short-term emergency action to correct the most urgent problems caused by the discriminatory national welfare laws. I would be remiss if I did not remind you that when our former Governor, Cyril E. King, testified before you in late 1976, this subcommittee was recommending the elimination of the Federal ceiling on public assistance for the territories as well as the extension of the SSI program to our U.S. citizens. In that respect, the two provisions being discussed today are a giant step backward in the struggle toward equal treatment for the territories under Federal welfare laws.

I will not take the subcommittee's time today to once more point out the numerous ways in which the Social Security Act discriminates against Virgin Islanders. I will ask that you keep in mind that the progressive social services amendments you consider today will mostly exclude the territories because of arbitrary funding limitations.

At some later point this subcommittee will be considering legislation cosponsored by Congressman Melvin Evans from the Virgin Islands and the Representatives of the other territories. I urge that you will give this legislation your careful attention and support. I also ask that you insure that any welfare reform legislation considered this year addresses the needs of the territories as well as the States.

This subcommittee has been a good friend of the territories and I hope we can continue to work together to bring about a better life for the disadvantaged residents of the Virgin Islands.

Thank you.

[Attachment to the prepared statement follows:]

VIRGIN ISLANDS PUBLIC ASSISTANCE NEED AND PAYMENT STANDARD

[Effective Oct. 1, 1978]

Household size	Current need and payment standard	Need standard	Payment standard, 78 percent
1	52	100	78
2	92	154	120
3	131	209	163
4	166	263	205
5	206	317	247
6	241	371	289
7	280	426	332
8	319	480	374
9	354	534	417
10	389	589	459

Mr. CORMAN. Thank you. We always had good relationships with the Virgin Islands and I must say I am sure we will now. We look forward to working with Delegate Evans.

Mr. Rangel.

Mr. RANGEL. I appreciate the Governor's testimony. I think that when you take time out of your schedule to come to Washington, it merely emphasizes the serious nature of these problems. You can depend on the fact that I will be working very closely with Congressman Evans, because creating different classes of citizens and treating people differently, especially the poor, is repugnant to everything I think our Constitution stands for. You can depend on my complete cooperation with your delegate in trying to improve the system.

Governor LUIS. Thank you, Mr. Rangel. We are very appreciative of your support.

Mr. BRODHEAD. Thank you, Mr. Chairman.

I regret I was at another meeting and was unable to hear your testimony, but I want to join with Mr. Corman and Mr. Rangel in assuring you that we are concerned about your problem and we will work very closely with the Delegate in trying to achieve fair solutions.

Mr. **Corman**. May I ask, what is the benefit level for an aged single person and an aged couple?

Ms. **Blake**. A single elderly person receives $78 per month and a couple $120 per month.

Mr. **Corman**. Say a mother with three children.

Ms. **Blake**. $225 per month. The benefit schedule is attached to the Governor's statement.

Mr. **Corman**. Does the Virgin Islands pay half and the Federal Government pay half?

Ms. **Blake**. We are paying approximately $1.6 million in local dollars.

Mr. **Corman**. The Federal contribution is how much?

Ms. **Blake**. $2.4 million this year. In previous years, it was $800,000.

Mr. **Corman**. What is the average income? What is the average industrial age?

Ms. **Blake**. What we are talking about is probably 3,900 families, 1600 cases or households, or approximately 3,800 persons who are now receiving public assistance.

Mr. **Rangel**. What is the unemployment level in the Virgin Islands?

Governor **Luis**. It flucuates between 8 and 10 percent. We have made a study of the young people. It is about 25 percent among the youth.

Mr. **Corman**. Do you have other questions?

Thank you very much for your contribution. We appreciate your being here.

Our next witness is National Association of Counties, Doris Dealaman, Freeholder, Somerset County, N.J.

We are pleased to welcome you to the committee.

STATEMENT OF DORIS DEALAMAN, FREEHOLDER, SOMERSET COUNTY, N.J., ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES, ACCOMPANIED BY PATRICIA JOHNSON, CONSULTANT

Ms. **Dealaman**. We thank you for this opportunity. You do not want an explanation of freeholder again, do you, Mr. Chairman?

Mr. Chairman and members of the subcommittee, my name is Doris Dealaman, chosen freeholder of Somerset County, N.J. I am chairperson of the Aging Services Committee of the Welfare and Social Services Steering Committee of the National Association of Counties.[1] I am accompanied by Patricia Johnson, legislative consultant to Los Angeles County and the National Association of Counties.

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[1] The National Association of Counties is the only national organization representing county government in the United States. Through its membership, urban, suburban, and rural counties join together to build effective, responsive county government. The goals of the organization are: To improve county governments; to serve as the national spokesman for county governments; to act as a liaison between the Nation's counties and other levels of government; and to achieve public understanding of the role of counties in the federal system.

The issues which I will address this morning are vital to counties across the country, the title XX social services program, child welfare services, and foster care. County officials in New Jersey and across the country have both fiscal and administrative responsibility for welfare and social services. In 1978, counties spent nearly $8 billion on welfare and social services, more than on any other county service. Over 1,250 counties administer welfare programs which serve half of the recipients of aid to families with dependent children, AFDC. Counties are also the major providers of social services at the local level. These statistics display the county commitment and vital role in providing income maintenance and social services to poor and low-income families and individuals.

You have invited us here to testify before your dedicated and long-suffering committee on issues critical to a very needy and all-too-often-forgotten segment of the people you and I are elected to represent. Shall the Congress approve a simple cost-of-living increase for social services? Shall you enact provisions to enable child victims of family problems to stay home or to return home from foster care; if so, should the Congress authorize a few million more dollars to help these reforms come about? Shall Federal matching funds for adoption subsidies be enacted so that Federal policy can consistently encourage long-range planning in the best interests of children in need of a permanent secure home? Shall Federal matching be available for children in foster care for all good reasons but who are not there by a court order?

I could go on but the very simple restating of these issues, juxtaposed against the overwhelmingly negative attitudes toward poor people and the local governments that serve them, which is being manifested in the budgetary process of the 96th Congress, makes patently clear that the bottom line on the issues I mentioned is money, and whether even these small amounts can be spared to help us to improve the lot of poor people and helpless children. Children, after all, do not vote and are unlikely to notice that their needs are being sublimated to the mandates to reduce the Nation's deficit to $29 billion.

I hasten to note that this committee in the 95th Congress originated and passed through the House of Representatives bills that contained most of the provisions before us today. And I am aware that this committee recommended budget levels at close to a 7 percent increase for social services programs. For that, we are encouraged. I commend you for doggedly pursuing these vital issues that generate so little enthusiasm when competing with the Defense budget, for example.

Mr. Chairman and members of the committee, I must tell you that it is exceedingly discouraging as someone, like you, elected to represent all the people in my district, to come back to your committee and insist once again that Congress enact these provisions which you so very ably steered through the House of Representatives, by a large margin, in the 95th Congress. Once again, we commit NACo's resources to assisting you in getting these issues through the House and over to the Senate where the greater difficulty of our task only strengthens our determination to see these provisions enacted.

Mr. Chairman, having expressed justifiable outrage over the impact of budget issues on our programs, let me address some specifics of the legislation before you. I testified before your committee in May of 1978 on the title XX issues and NACo very actively supported H.R. 12973 in both the House and Senate. Other county officials testified on the child welfare issues of H.R. 7200, which NACo also supported actively. Our organization's positions have not changed, so I will enumerate the positive aspects of the bills before us and elaborate a bit on new issues that were not a part of the 95th Congress debate.

TITLE XX

NACo continues to support the title XX block grant approach to service delivery. It permits State and county governments to provide services reflective of the needs and priorities of their population. Under these carefully planned program networks, counties are providing a wide variety of social services, such as homemaker services to prevent institutionalization, meals on wheels, day activity centers for mentally retarded children, day care, family planning, employment support, and protective services to children and adults.

Despite this array of programs, services have been cut back in recent years because the bite of inflation erodes our ability to continue the service delivery under the fixed ceiling. This regressive effect can be remedied only by regular increases in the title XX ceiling to keep pace with the costs of inflation. The $2.9 billion level enacted last year is beneficial to be sure. But, Mr. Chairman, I submit for the record a statement from Hennepin County, Minn., documenting that the $2.9 billion is only the 1972 equivalent of $1.5 billion in 1980 dollars. When inflation is taken into account, if 1980 social services must operate on $2.9 billion, then we have only half of what was thought to be a valid measure of Federal support for social services in 1972.

Without question, then, the National Association of Counties will continue to strongly support increasing the spending authorization. We recommend $3.15 billion for 1980 and $3.45 billion for 1981.

In addition, for title XX, NACo supports provisions that:

Require State officials to consult with chief elected officials of local government in the development of the State's comprehensive services plan.

Permit up to 3-year planning cycles. Combined with increased funding, this will strengthen our long-range planning.

Permit use of title XX funds for emergency shelter for adults in danger of physical or mental harm. A whole area of domestic violence is brought daily and more abruptly to our attention.

Make permanent the use of title XX funds for services to drug addicts and alcoholics and the WIN tax credit for employing welfare recipients in day care.

Provide for reallocation of unused funds from any State not utilizing its share to States and counties that overmatch title XX services.

Mr. Chairman, NACo does not support continued earmarking of the $200 million child care funds. Any such earmarking contradicts the flexibility concept inherent in the block grant approach. An alternative means of assuring maintenance of effort in day care services would be to continue the nonmatching provision of day care services, up to $200 million or some other figure, as an incentive, as was discussed this morning.

NACo opposes the administration's proposal to cap title XX training funds at 3 percent of a State's title XX allocation.

The 3-percent figure appears to be purely arbitrary. It would immediately cut back or freeze services training in a number of States.

Mr. Chairman, training is the key to breaking through the cycles of problems that confront the users of social services. Without good quality staff, we cannot hope to intervene effectively in the complex problems that lead to family breakup or impede progress toward self sufficiency and employment.

Our county program managers cite, as an example, the need for retraining staff to cope with changing demands on the services systems created by legal changes affecting the status of children. For instance, recent changes in the mental health laws requiring deinstitutionalization of mentally ill children have increased the caseload of welfare agencies and created need for very specialized social services which require, indeed demand, special training for staff and foster parents. A similar example of stresses on our child caring systems comes from recently enacted requirements to divert children from the juvenile justice system into family and small group home settings. The special circumstances and needs of these older, frequently adolescent children, result in need for greater training.

If a cap on title XX training is necessary, we think it should be postponed until the administration provides study results on the effectiveness and/or abuses of the funding. Rather than curtail the ability of all the States and counties to provide training, we prefer an approach that slows down expenditures of States using in excess of some reasonable figure, such as 10 percent.

Also, unless the title XX allocation is indexed for cost of living increases, the buying power of the capped training funds will quickly be eroded by inflation to a substandard level.

FOSTER CARE

In terms of foster care, NACo has long supported Federal matching for voluntary, noncourt-ordered foster care. Court intervention should be reserved for those children who cannot be protected without resort to these legal means. Many children are in foster care with the full cooperation of their parents and many would be otherwise federally eligible. To waste our legal resources to gain Federal matching is unacceptable public policy; yet this has become the practice in many jurisdictions across the country.

We do support provision of this match only when accompanied by adequate preplacement services to avoid unnecessary removal from home and a sound system for periodic administrative review to insure the timely return of children into their own home or a suitable permanent arrangement such as adoption. Such provisions are contained in the bills before us.

To illustrate the effectiveness of periodic administrative review, I offer a Los Angeles County example. Within 2 years after firming up its administrative review process, the county reduced its foster care caseload from over 11,000 children to fewer than 9,000. Several years into the review process, their caseload continues to decrease slightly, 0.2 percent per month. These figures are especially significant considering that 73 percent of the caseload was of voluntary placements. In the past 2 years, Los Angeles County began to process new foster care cases through the court in order to gain Federal matching. As a result, the percent of federally eligible children is up from 27 percent in 1976–1977 to 39 percent in 1978–1979. Most of this 12-percent increase in court cases can be attributed to the need for Federal matching, since the total caseload decreased. If Federal matching for voluntary foster care is made available, jurisdictions like Los Angeles, that have high rates of voluntary placements and effective periodic reviews, should be able to claim matching for children already in foster care. Therefore, we recommend that the language of H.R. 2684, section 2, Mr. Downey and Mr. Rangel's bill, be adopted to insure this availability.

ADOPTION SUBSIDY

NACo supports Federal subsidies for adoption of hard-to-place children. In addition to the cash subsidy, medicaid coverage should be continued until maturity for children with medical obstacles to adoption.

CHILD WELFARE

NACo actively supported child welfare reforms and full authorization of $266 million in the 95th Congress. Essentially, we support the increased funding and expanding emphasis on placement preventive services contained in the Miller, H.R. 1523, and Brodhead, H.R. 1291, bills. We support Federal reimbursement for foster care in public institutions caring for 25 or fewer children. And we support converting the title IV–B services into an entitlement program.

I conclude with a much-quoted remark that the Federal budget is the conscience of America. If that is so, your task on this committee is an unenviable one. It seems that the only programs that can be sure of getting a substantial funding increase are those involving military spending. The costs of the recommendations I have made are small indeed when compared to the cost of a nuclear aircraft carrier, a new missile system, or another squadron of bombers.

I urge your support for these measures and thank you for your efforts so far. Mr. Chairman, I thank you for this opportunity to present our views. We will support your efforts to enact social services and child welfare legislation this year.

I will be happy to respond to any questions that you may have.

[Attachment to the prepared statement follows:]

TITLE XX FUNDING

In July of 1972 a ceiling of $2.5 billion was set on Federal financial participation in social services provided under Titles I, IV–A, X, XIV, and XVI of the Social Security Act. Beginning in October of 1975 this same maximum was continued under Title XX until the current Federal fiscal year, when it was increased to $2.7 billion plus $200 million earmarked for child care.

According to the January 29, 1979, issue of County News in commenting on 1980 Federal Budget requests for Title XX: "The one year increase enacted in 1978 will be continued as a permanent entitlement program of $2.9 billion, without the earmarking and nonmatching of funds for day care. The entire authorization will be subject to 75 percent to 25 percent matching."

Although $2.9 billion is 16 percent more than $2.5 billion it has not kept up with the declining purchasing power of the dollar caused by inflation.

Estimating a 10 percent a year increase from the United States City Average Consumer Price Index of 196.7 (1967 = 100) for July of 1978, the July of 1980 CPI will be 238.0, an increase of 90 percent from the 125.5 in July of 1972.

It will take $4.7 billion in 1980 to have the same purchasing power as $2.5 billion in 1972 as measured by the CPI.

If $2.5 billion in 1972 was a valid measure of Federal support of social services, inflation has eroded that level of support as shown in the following tabulation:

[In billions of dollars]

1980 dollars:	*1972 equivalent*
2.5	1.3
2.7	1.4
2.9	1.5

Although for Federal fiscal 1980 an additional $400 million has been requested for Title XX, in terms of constant dollars the Federal support of social services will decrease $1.0 billion from 1972. The shrinkage in Federal support has resulted in increased demands upon both county and state funds to maintain needed levels of social services. Unfortunately the heavily burdened property tax is the mainstay of county tax revenues.

Personal social services are needed by a great many dysfunctioning persons in our nation. Personal social services are not a luxury—in fact some may be cost effective alternatives to more expensive forms of care. For example: in home support services may serve the needs of persons who would otherwise require institutionalization, which is costly both in terms of money and in terms of human values.

In our Federal-state-county social service system it is imperative that the Federal support of social services keep pace with inflation and the needs for service.

Mr. **Corman.** Mr. Rangel.

Mr. **Rangel.** I want to thank you for your testimony. If you could deliver those Congressmen from those counties as easily as you did this testimony, you would make it a lot less difficult.

Ms. **Dealaman.** We aim to try.

Mr. **Rangel.** It is very, very helpful. One of the major problems we face in the Congress is that we hear from local government that there is a responsibility on the Federal level to balance the budget. At the same time, local governments would not be willing to assume Federal responsibilities if in fact we had to move toward shrinkage of service, so it has to be a partnership. Poor people cannot afford the luxury of people demagoging on a balanced budget.

Although my State has not passed that resolution because physically we are not in a position to do it—and I am glad to hear your State has not—it would be very, very helpful if we could depend on delegation support based on the high cost of providing service for States such as New Jersey, California, Michigan, and New York. I think it makes it a lot easier down here, as you say, to attempt to push unpopular causes, so thank you for your supportive testimony.

Ms. **Dealaman.** You are welcome. You might be interested in knowing the counties are aware of this. We have caps on us in some of our States. The name of the game is obviously priorities.

We recently had a national legislative conference here in Washington in which some of you were kind enough to participate. As a result of that meeting, we are issuing, within the next couple of days, a priority listing to go to all of our counties. These have been pulled together by our steering committees. You all know the kinds of areas in which we function.

We asked each of our steering committees to prioritize their needs. We are asking all of our members to do this on a national basis so that instead of coming in to approach all of you who have this major responsibility with a wish list, we might indeed be able to be helpful by saying as far as we can see from our 1,200-1,300 counties across the country, these seem to be the priorities; these are the areas in which, if there must be negotiation, there can be negotiation.

Mr. RANGEL. We can take it one step further. You give us the names of the Members that told you yes and we will report back to you.

Ms. DEALAMAN. Fair enough. I will have to delegate that by regions; you realize that, Mr. Rangel.

Mr. CORMAN. Mr. Downey.

Mr. DOWNEY. Thank you.

My apologies for not being here for your testimony. Staff pointed out on page 7 that you endorse my bill, and let me say I appreciate that. I just hope we can get the administration to see as clearly as you do on that particular item. Thank you very much.

Mr. CORMAN. There is some criticism from the local governments who claim we are interfering too much with their decisionmaking process by giving them more favorable matching in one area over another when we consider changing the match from 50 percent Federal to 55 percent Federal.

But I would be concerned about our moving to 100 percent Federal funding of any of these programs in which the States are presently spending money for fear of a reduction in the total number of dollars spent.

Is it your observation that in these areas we are talking about, particularly in title XX and section 4 (A) and (B), local governments and State governments together are coming up with required match so they spend all of their eligible Federal funds, do they not?

Ms. DEALAMAN. I think—at least let me speak for my own State. In New Jersey we have been able to draw down our total amount. That was not always true. There were times when programs were not in place and this is the other piece of that 3-year planning cycle. It is great.

As you know, for example, what CETA has done several times—"Here is the money; get it spent quickly." Sometimes your planning is not done that well so we are concerned that good adequate planning be done up front and in some of these areas we feel that a matching operation can lend control, and so we have a little ambivalence on whether the 100 works or not.

In my experience in new programs as this, for example, with the voluntary support situation, voluntary placement situation, it is sometimes what is needed to get the State to move in a creative direction.

I quite agree about the confusion at the local level, and really some decisions are made at county levels. When you have a limited amount of match money, do you put it in 75-25, do you put it in 90-10? I think one of the folks from the administration said this morning we are hoping to get that squared away so it is a little more consistent.

In our judgment that would be a move in the right direction.

Mr. RANGEL. Mr. Chairman, I have been talking with staff in connection with your inquiry about the partnership concept. If there was 100 percent funding available, but in order to be eligible you would have to maintain the effort you had made before the 100 percent funding, I do not see what decisions counties and States would have to make. If they wanted to be eligible for 100 percent funding they would have to continue their contributions at that level.

Ms. DEALAMAN. When you get into the maintenance of effort—and I do not mean to throw another factor in—with your inflationary growth, maintenance of effort at the same dollar level is a fiction.

Mr. RANGEL. It may not be all that we want it to be but it would prevent legislative bodies, both at the county and State level, from manipulating as to which matching fund is the best.

In other words, you could not withdraw the city, county, or State effort.

Ms. DEALAMAN. I think that is true. I would like Miss Johnson, who has a better national feel for this—I feel very comfortable with New Jersey but get me in Idaho and I am not sure I am on the right track. If I could ask her to respond to that.

Ms. JOHNSON. County officials feel strongly about having a lot of input into what kind of service programs they offer, so they are quite willing to continue some kind of match. However, as you indicate, where the control has already been removed and where there is going to be little decisionmaking at the local level as to how much or whether you do it or in what way; then a stronger match, 100 percent Federal dollars is very welcome.

A good example is the food stamp program, where the counties have no say whatever in what the eligibility or distribution of resources is, so they like 100 percent Federal money for that. But to the extent counties have some programmatic control, then they are willing to continue their dollar contribution within reason.

Mr. DOWNEY. Mr. Chairman, I just wanted to make our friend from NACo aware of some of the efforts that will be undertaken—that I will anyway—with respect to some of the formulas, AFDC, medicaid, and foster care.

As you know, what we do is we multiply the proxy 45 or 50 percent times the square of the State per capita income divided by the square of the Federal income which gives us an unusual situation. In 1977, for instance, Texas paid $137 million in AFDC payments and was reimbursed 73 or 74 percent. They got $100 million back. Connecticut paid $132 million in those same AFDC benefits but, because of the formula written 20 years ago, got $65 million.

I think that if we were to have our druthers on this committee, what we would do is hold those States that are receiving 75 percent and 65 and 55 percent harmless and let them receive the same level of benefit and raise up New York and California as a matter of equity.

The problem is we cannot do that. We cannot do that because that is not going to pass this Congress despite what Mr. Rangel and myself and the chairman may do. What some of us are thinking about doing is reducing all States to 50 percent and making sure that the maintenance of effort is required for you to qualify for the 50 percent.

Recently I had HEW do a budget calculation for me, and it indicates we could save $454 million in AFDC alone, more than $1 billion in medicaid, and I have not done the computations for foster care.

I am prepared to introduce that bill within a week's time so that we will be able to focus on the disparity in the benefits, because there is no way on Earth I think people are going to be able to sit here and tell us that Texas is a poorer State than Connecticut and do that with a straight face.

Ms. **Dealaman**. You would be very popular in the northeast.

Mr. **Downey**. I suspect some of my more conservative colleagues in Texas and other parts of the South and West will have a hard time voting a $500 million cut in welfare even if it comes out of the hides of their purses. It will be interesting to see them explain that to their constituents.

I want to make you aware of that because it is something we are going to do. I would like NACo's support. I hope it is something you could consider.

Ms. **Dealaman**. We function on the committee system, too, but I assure it will be brought to their attention.

Ms. **Johnson**. Are you adjusting only the foster care formula?

Mr. **Downey**. We are dealing with the easiest in terms of the hold-harmless provision. The politics of the situation are such that if we were to not have a mainteance of effort and just reduce all of the States to 50 percent, that would come out of the hide of the poor.

We do not want to do that. We want to make sure the level of effort is maintained on the States, so that means the States who have sent us balance-the-budget resolutions, and also have surpluses, will now have an opportunity to spend some of that surplus and we will be able to balance our budget.

Mr. **Corman**. Thank you very much. We will recess for 2 minutes.

[The subcommittee was recessed.]

Mr. **Corman**. The subcommittee will resume its hearing.

We are pleased to welcome Mr. Jeffrey Koshel of the Urban Institute. Mr. Koshel, you may proceed.

STATEMENT OF JEFFREY KOSHEL, DIRECTOR OF SOCIAL SERVICES RESEARCH, THE URBAN INSTITUTE

Mr. **Koshel**. Thank you, Mr. Chairman.

Mr. Chairman, I am the director of social services research at the Urban Institute. I speak to you as a professional researcher but not as a spokesman for the Urban Institute which is committed to providing objective and nonpartisan research on public policy issues.

This testimony is based on a comprehensive evaluation of title XX that we did at the Urban Institute. Our study focused on planning and coordination, financing, allocating resources, and managing social services at the Federal, State, and local levels.

Obviously, all of these functions are very interrelated and I think most of the study findings show that. Without going into a lot of detail about the study and methodology, it was very comprehensive (see table 1). We gathered information from all States and we went into several States with some depth.

As I have supplied the full report to the committee's staff, I will not dwell at length on everything that we came up with, rather I will present the highlights of the study finding. I would be happy to supply additional copies of the study if the committee requires.

Overall, our evaluation revealed that while many significant changes have occurred in the planning and administration of social services, there is little evidence that the results of these efforts have even begun to fulfill the intent of the title XX legislation.

Some of the problems in the planning and administration of social services are identified below along with some of the policy changes that would reduce or at least ameliorate some of those problems. I must insert that perhaps the most fundamental of these problems are tied to the title XX funding limitations.

In order to develop a consolidated program of services, States are required, among other things, to develop a comprehensive annual service program (CASP) plan. In the overwhelming number of cases, the CASP plan is not comprehensive and does not provide the framework for coordination of services.

Services provided by programs authorized by other legislation are not fully incorporated into the CASP plan. A list of these programs and major services provided are contained in table 2.

As I am sure the committee members know, the number of programs that provide services are extensive and the services they provide are quite numerous.

I might add that there are several disincentives to incorporate the other services in the CASP plan. First, those services would have to comply with title XX contracting, reporting eligibility, and plan amendment requirements. Secondly, Federal reporting requirements suggest that full incorporation is not even necessary since State and local agencies must still submit separate plans for other Federal service programs.

One rather distressing statistic that we came across is that none of the 50 States were perceived by the HEW regional office staff to have fully coordinated planning with any of the relevant public organizations even 3 years after the passage of title XX.

There are other problems with title XX planning. For one thing, in many States, the development of the CASP plan is not coordinated with the State legislative budget cycle. Of course this is very noticeable in the States that have biennial budgets but it is true for most States as well that do not have biennial budgets.

The entire CASP planning process has been negated in some cases by funding decisions already arrived at by State legislatures. In our study, 13 States could be characterized as having a budgetary process that completely controlled the title XX allocation decisions. This awareness has manifested itself in a sharp decline in public participation in developing the CASP plan in some States.

Inadequate staff expertise and insufficient staff plague the development of a meaningful CASP plan in a number of States. With the ceiling in effect after the first 2 years of title XX, it was very difficult to free up resources for planning. With the budget for providing services diminishing in real terms, it was difficult for those states at ceiling to devote sufficient resources to such things as needs assessments and the monitoring and evaluation of planned activities.

Many State administrators told us that when there was a choice between delivering services and planning, it almost always goes to service delivery.

Members of the committee should be pleased to know that States are attempting to improve their management capabilities in the areas of planning and evaluation—30 States we counted were in the process of creating or expanding their planning and evaluation capabilities at the end of our study. It should be recognized that States still have a long way to go in developing the resources needed in these areas.

A recent study of State evaluation activities, for example, found that less than half of the jurisdictions administering title XX across the country had completed or even undertaken a single evaluative study of their social services programs.

In terms of accountability to the public, present regulations covering the CASP plan do not require States to inform the public of how the actual allocation of dollars compared to the planning allocation. In other words, there is no provision for providing feedback to the public on the CASP plan. Very few States appear to have formal mechanisms for providing such ex post facto information.

More importantly to some, major shifts in the allocation of services that some may have anticipated as a result of the administrative reforms of title XX have not occurred. States that were at ceiling when title XX was passed and those that reached it shortly thereafter report that they have great difficulty in reallocating funds between service areas.

Some observers might conclude that the unwillingness to reprogram funds is simply the result of poor leadership at the State level. It would probably be more accurate to say that States have little if any, basis to reprogram funds; needs assessments, for example, focus on the relative need for special services across geographical areas and do not measure the need for different services. Needs assessments have provided insufficient information for reallocation decisions.

As far as public participation goes, it is easier to document the value of existing services, waiting lists can be provided and public hearings will be attended by those who are receiving particular services and those who are providing services. Again, there is little basis for reallocating resources among services.

Lastly, although title XX contained several features which gave States the option of establishing more universal social service programs, it appears that the funding ceiling on title XX has severely limited the ability of States to serve their nonwelfare populations.

We found that fewer than a third of all States have opted for the maximum income eligibility levels since its inception. I might add that some States that opted for higher levels at the beginning were forced to reduce those levels in subsequent years.

The policy implications of the findings of our study are quite numerous. The most important ones as far as planning a coordinated set of services within States are, one, allowing States the option of submitting a comprehensive plan for social services instead of requiring separate plans for vocational rehabilitation, child welfare, aging, et cetera; two, requiring States to schedule their CASP activities so that the proposed plan is published at least 30 days prior to the legislative budget deliberations; three, providing States with earmarked funds for improving their planning and evaluation functions and four, requiring States to publish or otherwise make available to the public a comparison of actual expenditures with planned expenditures, according to the format of the original CASP plan.

More importantly, with the $200 million increase in the title XX ceiling passed by the last Congress, some serious planning effort may be directed to allocating the limited amount of what might be regarded as new funds.

It is doubtful that any appreciable effect will be seen in the abilities of States to expand services to their nonwelfare populations since the $200 million does not provide any increase in resources in real terms.

Two things may discourage the managerial and programmatic improvements that would otherwise be expected from the increase in the title XX ceiling. The first would be the expectation that general increases would not continue, resulting in a reduction of resources through inflation, and the second would be the fear that the earmarking of $200 million for day care will be terminated at the end of this fiscal year.

With regard to the first point, if general increases in the title XX ceiling are not expected to continue, most States will find it very hard to justify the expansion of their planning activities. There are strong forces working to maintain the status quo in terms of the existing mix of services and it is unlikely that if the ceiling is not raised, there will be much effort made to do any significant planning of comprehensive social service delivery systems.

With regard to the second point, having to deal with the earmarking of $200 million for day care, our study found that many States and local agencies were reluctant to make contractual commitments to expanding day care services as a result of the temporary authorization provided by Public Law 94-401, as was mentioned this morning.

In the 20 States that we studied, Public Law 94-401 funds were substituted either wholey or partially for funds previously allocated for day care. It should also be noted that without a maintenance of effort provision, funds supposedly earmarked for day care are unlikely to be used exclusively for that purpose.

As a matter of fact, I would think that the hearings today and Tuesday on the proposed $200 million for fiscal year 1980 for day care will have some impact on whether the fiscal year 1979 funds earmarked for day care will in fact be spent on day care.

Title XX is at a critical stage in its legislative history. Many people view the title XX legislation as accomplishing little more than raising the administrative overhead of securing Federal dollars for social services.

The ultimate contribution of title XX toward improving the planning and administration of social services will depend on actions taken by the Congress and the administration to improve its performance. Whether title XX becomes the centerpiece for coordinating and managing our social services programs or remains simply another source of Federal funds remains an open question.

Mr. Chairman, that concludes my remarks.

[The prepared statement follows.]

STATEMENT OF JEFFREY J. KOSHEL, DIRECTOR OF SOCIAL SERVICES RESEARCH, THE URBAN INSTITUTE, WASHINGTON, D.C.

IMPROVING THE PERFORMANCE OF TITLE XX

This testimony is based on a comprehensive evaluation Title XX conducted by the staff of The Urban Institute. Our study of Title XX focused on the following areas: planning and coordination, financing, allocating resources, and managing social services at the federal, state and local levels. Over 600 interviews of key individuals were conducted in eight states supplemented by information gathered thru mail questionnaires from officials in 19 states and the 10 regional offices of the Department of Health, Education and Welfare. In addition, a detailed examination of data on clients, services and costs was conducted on a sample of five states. Table 1 summarizes the study approach for the 51 jurisdictions participating in Title XX. As the full study report has already been provided to the Committee staff, my purpose today is to present the highlights of the study and some of the policy implications suggested by its findings.

Overall, our evaluation revealed that while many significant changes have occurred in the planning and administration of social services, there is little evidence that the results of these efforts have even begun to fulfill the intent of the Title XX legislation. Some of the major problems in the planning and administration of social services are identified below, along with some policy changes that would reduce those problems.

TABLE 1

State Participation in The Urban Institute Title XX Study

	STUDY COMPONENTS			
Participating States:	Quantitative Cost Client & Service Data	Personal Interviews	Mail-Out Questionnaires	Regional Office Instruments
Arizona		X	X	X
California		X	X	X
Colorado			X	X
Connecticut			X	X
Florida			X	X
Georgia			X	X
Iowa	X	X	X	X
Louisiana			X	X
Massachusetts			X	X
Michigan	X	X	X	X
Missouri			X	X
New York	X	X	X	X
North Carolina	X	X		X
Oregon	X	X	X	X
Pennsylvania			X	X
Texas		X	X	X
Virginia			X	X
Washington			X	X
Wisconsin			X	X
Wyoming			X	X
Remaining 31 Jurisdictions				X

Problems

In order to develop a consolidated program of services, states are required, among other things, to develop a Comprehensive Annual Service Program (CASP) plan. In the overwhelming number of cases, however, the CASP plan is not comprehensive and does not provide the framework for coordination of services. Services provided by programs authorized by other legislation are not fully incorporated into the CASP plan. (A list of these programs and the major services provided under each appears in Table 2.) There are several disincentives to incorporate the other services in the CASP plan. First, those services would have to comply with the Title XX contracting, reporting eligibility and plan amendment requirements. Secondly, federal reporting requirements suggest that full incorporation is unnecessary since state and local agencies must still submit separate plans for other federal service programs. One rather distressing statistic is that none of the fifty states were perceived by the HEW regional office staff to have fully coordinated planning with any of the relevant public organizations, even three years after the passage of Title XX.

TABLE 2—SCOPE OF MAJOR NATIONAL SOCIAL SERVICE PROGRAMS, FISCAL YEAR 1977

PROGRAM AND MAJOR ELIGIBLE SERVICES

General social services:

Title XX, Social Security Act—General services, training and retraining, family planning.
Title XIX, Social Security Act—Family planning, homemaker/home health.

Services to children, youth and families:

Title IV-A, Social Security Act—Foster care, day care.
Title IV-B, Social Security Act—Child welfare.
Title IV-C, Social Security Act—Employment related.
Title I, Public Law 93-644: Head Start—Developmental services.
Title III, Juvenile Justice Act—Runaway youth houses.
Child abuse prevention/treatment—Child welfare.

Services to the aging:

Title II, Older Americans Act—State and community services.
Title V, Older Americans Act—Senior citizens center.
Title VII, Older Americans Act—Nutrition.

Services to the disabled:

Rehabilitation Act of 1973—General rehabilitation services; social security beneficiaries.
Development Disability and Bill of Rights Act—Coordinated services to developing disabled.
Community Mental Health (Public Law 94-63)—State/community mental health.

Services to Native Americans:

Title VIII of Public Law 93-644—Services to Indians.

There are other problems with Title XX planning. For one thing, in many states, the development of the CASP plan is not coordinated with the state legislative budget cycle. This is most noticeable in states that have biennial budgets. The entire CASP planning process has been negated in some cases by funding decisions already arrived at by state legislatures. In our study, 13 states were characterized as having a budgetary process that completely controlled the Title XX allocating decision. This awareness has manifested itself in a sharp decline in public participation in developing the CASP in some states.

Inadequate staff expertise and insufficient staff plague the development of a meaningful CASP plan in a number of states. With the ceiling in effect after the first two years of Title XX, it was very difficult to free up resources for planning. With the budget for providing services diminishing in real terms, it was difficult for those states at ceiling to devote sufficient resources to such things as needs assessments and the monitoring of planned activities.

Members of the Committee should be pleased to know that states are attempting to improve their management capabilities in the areas of planning and evaluation—30 states were in the process of creating or expanding their planning and evaluation capabilities at the end of our study. It should be recognized, however, states still have a long way to go in developing the resources needed in these areas. A recent study of state evaluation activities, for example, found that less than half of the jurisdictions administering Title XX across the country had completed or even undertaken a single evaluative study of their social services programs.

In terms of accountability to the public, present regulations covering the CASP plan do not require states to inform the public of how the actual allocation of dollars compared to the planned allocation. In other words, there is no provision for providing feedback to the public on the CASP plan. Very few states appear to have any formal mechanism for providing such ex post factor information.

Major shifts in the allocation of services that some may have anticipated as a result of the administrative reforms of Title XX have not occurred. States that were at ceiling when Title XX was passed and those that reached it shortly thereafter report that they have great difficulty in reallocating funds between service areas. Some observers might conclude that the willingness to reprogram funds is simply the result of poor leadership at the state level. It would probably be more accurate to say that states have little if any basis to reprogram funds—needs assessments focus on the relative need for specific services across geographical areas; they do not measure the need for different services. For ongoing services it is easier to document the value of existing services—waiting lists can be provided and public hearings tend to favor those services and organizations that are already established.

Lastly, although Title XX contained several features which gave states the option of establishing more universal social service programs, it appears that the funding ceiling on Title XX has severely limited the ability of states to serve their nonwelfare populations. Fewer than a third of all states have opted for the maximum income eligibility levels since its inception.

Policy implications

The problems identified above can be significantly ameliorated by: (1) allowing states the option of submitting one comprehensive plan for social services instead of requiring separate plans for vocational rehabilitation, child welfare, aging, etc., (2) requiring states to schedule their CASP activities so that the proposed plan is published at least 30 days prior to the legislative budget deliberations, (3) providing states with earmarked funds for improving their planning and evaluation functions, and (4) requiring that states publish or otherwise make available to the public a comparison of actual expenditures with planned expenditures, according to the format of the original CASP plan.

With the $200 million increase in the Title XX ceiling passed by the 95th Congress, some serious planning effort may be directed to allocating the limited amount of new funds. It is doubtful, however, that any appreciable effect will be seen in the ability of states to expand services to their nonwelfare populations since the $200 million does not provide any increase in resources in real terms.

Two things may discourage the managerial and programmatic improvements that would otherwise be expected from the increase in the Title XX ceiling. The first would be the expectation that general increases would not continue, resulting in a reduction of resources thru inflation, and the second would be the fear that the earmarking of $200 million for day care will be terminated at the end of this fiscal year.

With regard to the second point, our study found that many states and local agencies were reluctant to make contractual commitments to expand day care services as a result of temporary authorization provided by Public Law 94-401. In the 20 states that we studied, Public Law 94-401 funds were substituted, either wholey or partially, for funds previously allocated for day care. It should also be noted that without a maintenance of effort provision, funds supposedly earmarked for day care are unlikely to be used exclusively for that purpose.

Title XX is at a critical stage in its legislative history. Many people view the Title XX legislation as accomplishing little more than raising the administrative overhead of securing federal dollars for social services. The ultimate contribution of Title XX toward improving the planning and administration of social services will depend on actions taken by the Congress and the Administration to improve its performance. Whether Title XX becomes the centerpiece for coordinating and managing our social services programs or remains simply another source of federal funds remains an open question.

Mr. CORMAN. Thank you very much.

Would you pinpoint for me a little more carefully what you think the impact would be of our failure to earmark the $200 million for day care?

Mr. **Koshel**. If the fiscal year 1980 money that is not earmarked for day care, it would be consistent with our findings that even the fiscal year 1979 money will not all be used for day care because states would be very reluctant to enter into contractual commitments with private providers of day care if they feel those contracts might be terminated by the end of the fiscal year.

It is much easier to simply provide other service organizations with an extra 10 percent on their budget and not have to worry about what happens at the end of the fiscal year if there is no ability to continue with the providers of day care.

Mr. **Corman**. Aside from that issue, suppose we keep the $2.9 million ceiling of last year, which because of inflation means a reduction of purchasing power, have you any idea where the cuts would be made by the States? Do you have any feel for that?

Mr. **Koshel**. No. As a matter of fact, there is very little data, as you know, that is recorded at the Federal level because of title XX flexibility that is provided in the reporting.

On the other hand, when we asked people at the State level and regional level what services seemed to be getting more of the service dollar as a result of title XX, there is an interesting response. Almost everybody thinks that the specific service that you ask them about has done better somehow.

It is very hard to see where the cuts would be made. As you know, in different states the priorities are somewhat different with regard to the service allocations. My suspicion is that the 7 percent cut across the board is the most likely path that most States will take.

Mr. **Corman**. Thank you very much, sir.

The next witnesses are Lois and Samuel Silberman. We are pleased to welcome you to the subcommittee.

STATEMENT OF SAMUEL SILBERMAN, PRESIDENT, LOIS AND SAMUEL SILBERMAN FUND

Mr. **Silberman**. Thank you, Mr. Chairman.

Mr. Chairman, members of the Ways and Means Committee, I would like to make a brief statement and submit some additional material for the record.

Mr. **Corman**. Without objection.

Mr. **Silberman**. If I may, after these remarks are finished, I would like the opportunity to comment on some other testimony particularly the Government's testimony to the committee.

Mr. **Corman**. Yes.

Mr. **Silberman**. My name is Samuel J. Silberman. I am a businessman and a director of Gulf & Western Industries on whose board I serve as chairman of the salary and compensation committee. I am also deeply involved in philanthropic endeavors regarding social welfare services and manpower development. For over 30 years, I have served on a variety of boards, committees, task forces and commissions in the fields of education and social service delivery. Today, I appear before you as president and donor of the Lois and Samuel Silberman Fund, a private philanthropic foundation which makes grants exclusively in the field of social welfare manpower development. Although the foundation is small, it is the only one in the country concentrating in this vital area.

I cannot overemphasize the importance of competent personnel in delivering a service no matter what its nature. This is as true in business as in public services. Competence properly channeled and utilized reduces unit costs and increases quality and effectiveness.

I wish to address two areas, the proposed ceiling on training as a means to control expenditures and the obstacles to receiving private donations for use as State matching funds under the training sections of title XX.

A ceiling on training may limit expenditures but in no way insures their productive use. A more effective control would be a requirement for reviewable State training plans coupled with quality standards and requirements for evaluation. As a private foundation, were we to make a grant for social work training, we would require information such as: relevance of the training to the delivery of services; the need for training in terms of numbers and specific skills; the content of program and qualifications of instructors and the method of evaluation of program effectiveness in terms of its objectives.

The Federal Government currently disburses title XX funds for training with virtually no controls or requirements for accountability. Setting policy and criteria for quality without inhibiting State flexibility within those limits would control expenditures and at the same time, assure effective training. Requirement for a proper State training plan and review would eliminated irrelevant, marginal or excessive programs and help insure meeting the title XX's legislative goals and not simply help reduce State budgetary obligations. Looking at dollars instead of program is starting at the wrong end.

In order for States to formulate its most effective plan, it must have ready access to all its educational resources. Due to the restrictive language in the title XX law, there are real obstacles to accepting private donations and contracting with private colleges and universities. The core of the problem is prohibition against designation of the donation for a particular program.

Let me give you a specific case in a university of which I am a trustee. The State of New Jersey wished to undertake a program to upgrade the abilities of State Title XX personnel. We had a restricted endowment which could have made the matching donation. Counsel for the university advised that a donation without designation of its use would be a violation of trustee fiduciary responsibility. Similar difficulties are apparent throughout the country. Massachusetts does not have a single public graduate school of social work. The State of California, in order to contract with the University of Southern California, a private institution, first contracts with the State university which then subcontracts with University of Southern California to provide the training. A public university through a simple bookkeeping arrangement is able to donate university funds for the 25-percent match and then provide or subcontract the title XX training since it would be donating public and not private funds. As a citizen, I find it remarkable that there is an incentive to use public tax dollars in preference to private donated dollars.

In order to provide a legal way for donors to make contributions for title XX training, the Lois and Samuel Silberman Fund created a special 501(c)3 entity with full tax-exemption status, the Lois and Samuel Silberman Social Services Manpower Development Fund, for the specific purpose of receiving donations to be used as State Title XX matching funds for training. The fund functions as follows; the fund contracts with States, currently New York and Massachusetts, which provide a list of desired title XX training projects and potential private institutions which the State would like to see provide the training subject to receiving donated funds for matching. The fund then asks for a "best effort" letter from each potential provider institution that it will make or generate contributions to the fund to the extent that our contribution to the State is used as the State title XX match for the title XX training project at the particular institution. The fund then contributes to the State without restriction. Once the State actually contracts with the private institution using the donated match from the fund, the fund then solicits the institutions for their support. This arrangement permits the States to determine which institutions they want to provide training services without requiring that the private educational institutions donate directly the matching share without restrictions as to use.

Since we have no enforceable contract with the institutions, there is substantial risk to the fund.

I am submitting as part of my testimony the fund's audited statement for fiscal 1978 together with the legal opinion under which we function and a background piece from a published report of the Lois and Samuel Silberman Fund.

This entire system is necessary because universities such as Brandeis, Boston University, Boston College, Smith, Columbia and Fordham, all private universities and providers of title XX training, cannot make a direct contribution to the State towards a training program which the State itself would like the private university to implement.

The problem is not confined to donations by providers. The Edna McConnell Clark Foundation, for example, wanted to fund two grants to New York State totaling $67,000 for specific training as part of a larger demonstration project in the field of difficult to place adoptions. They were delighted to find we provided a legal way for them to do so, albeit a complicated process which could be easily eliminated with a minor change in legislation. The simple fact is that private donors will not and in some cases cannot, make contributions without being able to direct how the funds are to be used.

This situation should be rectified by a title XX amendment that would allow a State to determine in advance which programs it wishes to have a private, nonprofit educational institution provide and permit acceptance of donated funds for the 25 percent State match which are restricted to funding the particular State approved training plan. This approval could be made part of a State training plan or the State's comprehensive annual services plan and would therefore be subject to review by the public and HEW. Under these circumstances, the restriction against private institutional or individual donors designating a particular institution or program for the training could be removed. Such an amendment would allow the States to determine which institutions are most capable of providing particular training services for title XX related personnel. The effectiveness of title XX services can only be improved as a result.

A collateral benefit, the benefit to us, would be that the Lois and Samuel Silberman Social Services Manpower Development Fund could be terminated, freeing our energy and resources for more productive purposes.

Thank you for allowing me the opportunity to testify.

Mr. CORMAN. Thank you, Mr. Silberman. Without objection, your full statement and appendices will be placed in the record at this point.

[Attachments to the prepared statement follow:]

SUGGESTED POSSIBLE LANGUAGE FOR THE AMENDMENT

Section 2002(a)(7)(D)(ii) of the Social Security Act is amended—by striking out "and" and inserting in lieu thereof, "except that, despite the provisions of this subsection, payments may be made from donated private funds for the purposes of personnel training, as provided in Section 2002(a)(1), if the donor's restrictions on the use of the donated payments are consistent with the State's desired use of these funds as expressed in the State's comprehensive annual services plan described in Section 2003, or in a state training plan, and"

Mr. SILBERMAN. May I make a few more comments?

Mr. CORMAN. Yes, sir.

Mr. SILBERMAN. This is the first time I have ever testified and it is quite an experience. Listening to the Government testify this morning, I found it quite remarkable.

First of all, the suggestion of a 3-percent ceiling on training in social services where the turnover rate and the burnout rate, particularly in foster care and adoption work, which is 26 months average, I find remarkable to be able to say this will not hurt or impede the training of sufficient competent people.

The committee has already said that they believe that better social services will reduce costs. I believe that, too.

Better services require better competent well-trained people. It seems to me that the leverage point for better service is better training for greater competence.

There is another aspect which I was rather surprised that the Department did not come in and say, title XX is a great program but it is not working. It is not working because the Department does not have sufficient control as to what goes on in the program.

The last witness said the State plans are not comprehensive and they are not built based on objectives and therefore the Department needs that kind of authority in order to make sure this program works.

I must say in business, if we are required to implement a program, we always ask that we have the authority and the sanctions to allow us to do it.

Finally, I would like to point out that there is leakage in this program in my judgment, hard to prove but I am confident there is. This leakage is in the area of what some people call creative budgeting, laying off other things against these programs.

My feeling is that adequate criteria for quality programs tied to objectives can reduce some of the excesses and can produce better programs. Certainly if not less money is spent at least the money that is being spent will be better spent.

This certainly is in the public interest.

Mr. **Corman**. Thank you very much.

Our next witness is Laurence F. Lane, director for public policy, American Association of Homes for the Aging.

STATEMENT OF LAURENCE F. LANE, DIRECTOR FOR PUBLIC POLICY, AMERICAN ASSOCIATION OF HOMES FOR THE AGING

Mr. **Lane**. I am Laurence F. Lane, director for public policy of the American Association of Homes for the Aging.

I do have a formal statement, however, I shall summarize it.

Mr. **Corman**. Without objection, your full statement will be inserted into the record at this point. We will welcome your summary.

[The prepared statement follows:]

Statement of Laurence F. Lane, Director for Public Policy, American Association of Homes for the Aging

I am Laurence F. Lane, director for public policy of the American Association of Homes for the Aging (AAHA).

The American Association of Homes for the Aging (AAHA) represents the nonprofit providers of institutional services for older Americans, including housing, health-related services, and medical care. Our 1,700 member homes serve nearly 300,000 senior citizens. AAHA has promoted the joining of institutional services our members provide with delivery of social services programs. Our members have pioneered many programs in adult day care, meals on wheels, and housing. In fact, over 85 percent of our member homes provide at least one community outreach program.

Our members believe that if a full range of services is to be provided to meet the long term care needs of the elderly, non-institutional community programs must be expanded. We see Title XX as the key to strengthening these community supports. Unfortunately, a lack of funds has hindered the development of quality, community-based services which would prevent premature and inappropriate institutionalization, and to help those coming out of medical institutions to return to the community. If Title XX is to continue as the cornerstone of community support services, then Congress must make more money available.

The American Association of Homes for the Aging supports the Title XX amendments in H.R. 2724. We also strongly endorse H.R. 1666, introduced by Congressman Green. We have some reservations about Section 5 in H.R. 2724, and we have other ideas for possible committee action, but we want to encourage the committee to act quickly to pass these important amendments to the program.

We strongly support increased allotments to the states proposed in Section 2 of H.R. 2724. We would have preferred a committee budget recommendation of $3.2 billion as a Title XX ceiling, and we are very much in favor of the amendments proposed by Congressman Green, raising the ceiling to $3.15 billion in 1980 and $3.45 in 1981. However, we are aware of the monetary restraints being imposed on domestic programs, and we applaud committee members for your courage in recommending, as a minimum, a "real" current service delivery program for Title XX services. In addition to our support of the funding increases, we support the index provisions suggested in Section 2(b) of H.R. 2724.

For those of us who took part in the intense debate surrounding the development of the Title XX program, the success of the present federal-state program is encouraging. States have responded fairly well in developing comprehensive plans, but there are strong indications that unless more money is forthcoming, many people will either be denied social services or they will be forced to turn to institutions, where federal funds still will have to be spent to meet the costs of supportive services provided to them. The temporary increases enacted by the 95th Congress have not met the demands on the program. In fact, because of the uncertainty of federal funding levels for fiscal 1980, the temporary increases have caused anxieties among those who are concerned about the success of the program. It is difficult to encourage states to spend more for social services without assuring them that funds will be available in the future to sustain the programs. The permanent ceiling must be raised for the Title XX program to meet its goals.

Regarding Section 3 of H.R. 2724, we support efforts to encourage local officials to be active in developing Title XX plans. The intention of Title XX was to spark active public participation in making plans for services. Participation on a local level is important if Title XX is to serve the people most in need and if the program is to complement a community's own efforts to meet the needs of its citizens.

As we suggested in testimony on this section during the previous Congress, the reporting requirement proposed in Section 3(b) might become just a paperwork chore. The committee should consider a separate authorization for Title XX, not subject to a matching requirement for evaluating service plan performance. We see merit in this arms-length evaluation process. A separate evaluation might be a better way of accounting for how funds are spent and whether community needs are being met.

Our association sees merit, too, in the authorization of a multi-year plan under Title XX as proposed in Section 4 of H.R. 2724. This is compatible to the direction taken in the 95th Congress with respect to categorical programs such as those authorized under the Older Americans Act. In looking at the multi-year option, the committee should strengthen the evaluation process. States should be required to assess their programs periodically. We support the yearly opportunity for public comment described in Section 4(b).

AAHA is opposed to a permanent extension of the special allocation for child day care services as proposed in Section 5 of H.R. 2724. It does not seem wise to continue a piecemeal approach by earmarking $200 million for a specific service. This violates the principles of the Title XX program, which calls for social service needs to be determined at the state and local levels. Public Law 94-401 was a short-term strategy to make the public more aware of day care issues and to circumvent the ceiling requirements. When the funds are merged into the Title XX allotment, as proposed in Section 2 of the bill, there is no reason for maintaining a separate pool of money.

We oppose the permanent allocation for child day care, because we believe this might disrupt the basic Title XX compromise among constituent groups. It is our belief that this earmarking of funds without a matching requirement fails to encourage states to expand programs with their own local funds. In these budget-conscious times, social service advocates should make the best use of scarce federal dollars. We appreciate the child day care issue, but we do not believe Title XX is suited to favoritism in categorically recognizing certain services.

We strongly support proposed revisions in Section 7 of H.R. 2724 to allow the use of Title XX funds for emergency shelter and protective services for adults. Our members have reported increased instances of elderly persons being abused by their own families. Much attention has been given to child abuse and spouse abuse, but little attention has been paid to the physical and mental assault upon older Americans living with their children. States should be able to use Title XX money to provide temporary shelter for abused, elderly people.

Our association supports the separate authorization of funds for territories proposed in Sections 8 and 9 of H.R. 2724.

We also ask the committee to consider an additional technical amendment. There is a discrepancy between the groups of individuals eligible for Title XX services cited in Section 2002(a)(4) and the group in Section 2002(a)(5)(A). The effect is to restrict the availability of social services to ineligible wives or husbands of Supplemental Security Income recipients who are not otherwise in the group of individuals with income maintenance status with respect to the mandatory fee requirements. Ineligible spouses of SSI beneficiaries may be counted to help a state meet the 50 percent rule and by implication are among those in the special target groups, but they fall out of the groups of people who can get services without charge at the state's discretion. We think it is important for the committee to ensure protection for services without charge for ineligible spouses of SSI recipients.

We also wish to call the committee's attention to the "reallocation" provision in H.R. 1666. To ensure that Title XX services are provided to individuals in areas who need it the most, it would appear equitable to allow for the reallocation of funds which have not been spent by certain states, to those which have a continuing need for service funding. Furthermore, the multi-year funding approach, contained in Congressman Green's bill, merits favorable consideration.

Title XX has the potential to be the finest of the partnership efforts between government and the voluntary sector. We encourage the committee to be increasingly watchful in assessing the impact of the program. Certainly, if in coming years the efforts of government are to be contained, then action must be taken now to strengthen our nonprofit, community-based system to meet the rising need for services for the elderly and others.

Government policies must add to, not detract from, community initiatives.

In closing, let me emphasize that Title XX was enacted to ensure an orderly growth of social services programs for those most in need of services. The process is working. The ceiling must be raised to ensure that it continues to work well.

Mr. LANE. The American Association of Homes for the Aging represents the nonprofit providers of institutional services for older Americans, including housing, health related services and medical care. Our 1,700 member homes serve nearly 300,000 senior citizens.

AAHA has promoted the joining of institutional services our members provide with delivery of social services programs. Our members have pioneered many programs in adult day care, meals on wheels and housing. In fact, over 85 percent of our member homes provide at least one community outreach program.

The American Association of Homes for the Aging supports the title XX amendments in H.R. 2724. We also strongly endorse H.R. 1666, introduced by Congressman Green. We have some reservations about section 5 in H.R. 2724 and we have other ideas for possible committee action but we want to encourage the committee to act quickly to pass these important amendments to the program.

We strongly support increased allotments to the States proposed in section 2 of H.R. 2724. We would have preferred a committee budget recommendation of $3.2 billion as a title XX ceiling and we are very much in favor of the amendments proposed by Congressman Green raising the ceiling to $3.15 billion in fiscal year 1980 and $3.45 in fiscal year 1981.

We are aware of the monetary restraints being imposed on domestic programs and we applaud committee members for your courage in recommending as a minimum a "real" current service delivery program for title XX. In addition to our support of the funding increases, we support the index provisions suggested in section 2(b) of H.R. 2724.

Skipping through my testimony, I wish to comment on section 5. The American Association of Homes for the Aging is opposed to a permanent extension of the special allocation for child day-care services as proposed in section 5 of H.R. 2724. It does not seem wise to continue a piecemeal approach by earmarking $200 million for a specific service. This violates the principles of the title XX program which calls for social service needs to be determined at the State and local levels.

Public Law 94-401 was a short term strategy to make the public more aware of day-care issues and to circumvent the ceiling requirements. When the funds are merged into the title XX allotment, as proposed in section 2 of the bill, there is no reason for maintaining a separate pool of money.

We oppose the permanent allocation for child day care because we believe this might disrupt the basic title XX compromise among constituent groups. It is also our belief that this earmarking of funds without a matching requirement fails to encourage States to expand programs with their own local funds.

In these budget conscious times, social service advocates should make the best use of scarce Federal dollars.

We strongly support proposed provisions in section 7 of H.R. 2724 to allow the use of title XX funds for emergency shelter and protective services for adults. In our testimony, we explain why we support that.

In our testimony we also ask the committee to look at the issue of ineligible spouses of SSI recipients and how they are accounted for in the use of title XX funds.

Finally, we would point out that title XX has the potential to be the finest of the partnership efforts between Government and the voluntary sector. We encourage the committee to be increasingly watchful in assessing the impact of the program.

In one of our recommendations, we do ask for separate evaluation of an arm's length relationship.

Certainly, if in the coming years the efforts of Government are to be contained, then action must be taken now to strengthen our nonprofit community based system to meet the rising need for services for the elderly and others.

Government policies must add to not detract from community initiatives.

In closing, let me emphasize that title XX was enacted to ensure an orderly growth of social services programs for those most in need of services. The process is working. The ceiling must be raised to ensure that it continues to work well.

Mr. CORMAN. Thank you very much, Mr. Lane.

Mr. Rousselot?

Mr. ROUSSELOT. Thank you for your testimony. I asked the administration witness about the same topic and I take it your organization is opposed to extension and special allocation for child care day services as proposed in section 5 of H.R. 2724.

Do you think we should eliminate it altogether?

Mr. LANE. The problem with the earmarking is we already have a very sizable amount of money going to child day care. If the States are committed to spending money in child day care, it may be earmarking with no match is not optimizing our dollar. If you are going to give them 100 percent of the money and no State requirement to spend their money, they are going to take the Federal money. If you lower the match, if you make it a 75 percent match, you are giving a smaller amount of Federal money but yet you are keeping the same program level and you are getting state money.

In fact one could argue that even if you lowered the match to 60/40 and earmark it as a priority, the day-care programs will continue to work and run well at the State level. Day care advocates have become a very active force in the title XX allocation mechanism.

If Title XX is to be a catalyst for State action and State money spending, we can really expand the amount of money that is going into a local community by using the match amount.

Mr. ROUSSELOT. What do you recommend we do?

Mr. LANE. I recommend that the committee support the $3.1 ceiling level or if I had my druthers, $3.2 billion ceiling level and do away with any specialized earmarking, have the child day-care services as all the other services in the program, subject to a State match and going through a public process of being allocated at the State level.

Mr. ROUSSELOT. Do you find that other organizations support that same point of view?

Mr. LANE. It is a controversial recommendation obviously.

Mr. ROUSSELOT. Are there other advocates of this same position?

Mr. LANE. There are other advocates in the same position and earlier this year in discussions with the social welfare organizations that are involved in the National Assembly of National Voluntary Health and Social Welfare Organizations and with those who are remnants of the old title XX social services coalition. There are spokesmen primarily out of the adult groups but also some child advocate groups that would support the recommendation that we optimize the dollars.

Mr. ROUSSELOT. Thank you.

Mr. CORMAN. Thank you very much, Mr. Lane. We appreciate your testimony.

Our next witness is Rebecca Grajower, National Assembly of National Voluntary Health and Social Welfare Organizations.

STATEMENT OF REBECCA GRAJOWER, ASSISTANT DIRECTOR FOR PUBLIC POLICY, NATIONAL ASSEMBLY OF NATIONAL VOLUNTARY HEALTH AND SOCIAL WELFARE ORGANIZATIONS

Ms. GRAJOWER. Thank you, Mr. Chairman.

Mr. CORMAN. If you have a prepared statement, you may submit it in full and summarize or proceed however you wish.

Ms. GRAJOWER. Thank you for the chance to present testimony. I shall attempt to summarize my statement.

I am here to represent the National Assembly of National Voluntary Health and Social Welfare Organizations. We have about 36 members who are major social welfare organizations in this country engaged in service delivery through purchase of service.

The National Assembly cannot speak as a corporate body. It can only speak on behalf of those member agencies who have signed on for particular statements.

The statement today has been supported by the following agencies; Department of Community Services, AFL-CIO; American Council for Nationalities Service; Boys' Clubs of America; Child Welfare League of America; Council of Jewish Federations; Family Service Association of America; Girl Scouts of the U.S.A.; Girls Clubs of America; National Council for Homemaker-Home Health-Aide Services; National Council of Jewish Women; United Neighborhood Centers of America and the National Board, YWCA of the U.S.A.

The United Way of America and the Association of Junior Leagues support only those portions of the testimony which address the recommendations they have signed on the appended legislative issues lists.

Mr. Chairman, I am afraid most of this prepared testimony will be repetitive of what has been said today. Apparently most people are in agreement on certain major issues under the title XX program.

First of all, the question of funding, the major erosion that has taken place in the value of the $2.5 billion ceiling set in 1972, there are various estimates as to the nature of this erosion, how much the sum has suffered. A very modest estimate would say that the erosion has been at least 25 percent so that a $2.5 billion authorization would now be worth about $1.8 billion.

We note that Congress has enacted increases of about 8 percent for fiscal years 1977, 1978, and 1979, and for fiscal 1979, another $200 million has been added.

We are concerned that under current law, the ceiling is scheduled to revert to $2.5 million and therefore urge at the very least, $2.9 billion be retained as a ceiling of the very minimum. If possible, that the $3.1 billion budget mark that has been set by the Ways and Means Committee and as suggested by Mr. Corman's bill, be the one that is reported out.

Another point I would like to make is as private agencies, we are engaged in the title XX program and accomplish it with the public agencies in providing services. We are not totally self-concerned about the amount of funds that are voted by Congress for title XX.

Private agencies and voluntary charge organizations have been providing services before major Federal involvement and continue to do so but obviously the funds made available by charitable donations are not sufficient to cover vast needs in this country. Federal moneys are necessary and social services, after all, are cost efficient in the sense that they are in many cases preventive, as spoken very eloquently by Congressman Miller this morning.

We are concerned with the kinds of fiscal juggling that does take place between various jurisdictions, that is additional money voted by Congress for title XX money funding not be the cause for States to reduce their contributions towards funds.

We feel that the maintenance-of-effort clause contained in section 2003(b) of the Social Security Act, requiring States to maintain aggregate expenditures of either fiscal year 1973 or 1974 is not a sufficient means to prevent States reducing their aggregate expenditures.

We note, as the committee reported last year in a report accompanying H.R. 12-973, that Congress would hope the States do not reduce their level of expenditures.

Another problem that comes up is the nature of the process of Congress voting, shall we say, on sums of money on a practically annual basis over and above the $2.5 billion ceiling. States are being able to plan well ahead. For instance, Public Law 95-600 voted an additional $200 million above the $2.7 billion sometime in October. That was already into the fiscal year and the States will be able to plan in a judicious and carefully well thought manner how they will use these additional funds to expand programs.

I note in the HEW budget submission that they estimate $2.8 billion of the $2.9 billion will be spent by the States in fiscal year 1979. There is only $1 billion that will not be used unless perhaps the Social Security Act is amended so as to permit States to carry over unused portions of a given fiscal year allotment into the next year.

There are serious possibilities for abuse of this and for carelessness and we would suggest some kind of procedural requirement for HEW approval or whatever Congress thinks is the wisest.

The Urban Institute in their testimony and their excellent report are very much concerned about the lack of synchronization between the budgetary process in the State and the comprehensive annual social service program planning in the States. Indeed, last year legislation passed the House allowing the States to opt for either a 1 year or 2 year program period to at least bring into synchronization the budget and title XX planning cycles.

We support the provision in Mr. Corman's bill this year that offers this option. We would also support a provision for a 45-day comment period prior to the beginning of the second program year.

Another aspect is accountability as well as rationality dealing with what the Urban Institute previously testified to, namely that there is no feedback provision in the comprehensive annual social services program plan in most States, that the plan is simply a statement of intent, a statement that needs will be met and target populations.

We therefore recommend that States should be required to publish within a period of up to 180 days after the program year, we think that should be enough time for the States to gather the necessary data, an annual services program report which describes the extent to which the services program of the State was carried out during that year in accordance with the CASP plan and the extent to which the goals and objectives of the plan have been achieved.

We are also concerned with another element of accountability and that is responsiveness of program planners to input by individuals, organizations, and groups, outside the designated single State agency which administers title XX.

We recommend States be required to give public notice of intent to consult with local elected officials as is provided for in the Corman bill and as provided last year in H.R. 12-973 but also other public and private organizations including voluntary organizations and provide them with an opportunity to present their view prior to publication of proposed CASP plan and the principal views to be summarized in the CASP plan.

H.R. 2724 also contains a provision for consultation with local elected officials.

We were very happy that last year the Ways and Means Committee report accompanying H.R. 12973 stated with respect to such a provision that it was the intent of the committee that since in some States, all organizations and individuals are consulted, that in all States, "all organizations and individuals who are involved in the delivery or receipt of services have an opportunity to be involved at the planning stage."

We were very gratified last year that this intent of the committee was made but we respectfully request this intent be expressed in the statutory provision if possible.

Another major concern of ours is the use of donated funds, as was described by Mr. Silberman in the cases of training.

Since Federal financial participation is available only for funds transferred to the State or local agency under its administrative control and further such funds must be donated to the State without restrictions as to use and various other complicated provisions explaining this clause, namely other than restrictions as to the services with respect to which the funds are to be used imposed by a donor who is not a sponsor or operator of a program to provide

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those services or the geographical area in which the services are to be provided. It is an independent decision of the State agency to purchase services from the donor.

It is a very complicated clause. I have seen a marvelous logical analysis of the regulatory provisions implementing this clause. It is difficult to read but it was generally understood to mean that a provider agency cannot make a donation and at the same time receive such moneys in return as a purchase of services.

You do have this kind of two way relationship today.

In one way, there is a bypassing of this, it is legitimate, and this restriction then results in voluntary federated fund raising organizations viewed as third parties and following the regulations independent of agencies sponsoring operating services, the regulations require there be no interlocking boards of directors and so forth.

Such fund raising organizations have become the means for funds to be donated through private organizations. There are direct relationships with State and they are receiving donations from private provider agencies and which result in purchase of service contracts and then after these arrangements are made informally, the States and the agencies document independent decisionmaking processes. Even in the CASP plans, this is sometimes rather clearly stated. The Connecticut CASP plan specifically states with regard to subcontracts for legal services and safeguarding services entered by State agencies with private providers that "these providers donate the 25-percent match amount." Other State plans simply state the sources of donated funds and the point is the provision is being violated.

The restrictions fail to achieve their intended purpose and the only result is strained working relationships and less than appropriate accountability standards between the State agency and nonprofit provider agencies providing purchased services under title XX.

The whole restriction arose in the 1967 amendments which allowed in as provider agencies private agencies as well as public agencies. There may have been various considerations at that time as to why such restrictions should be set on donated funds.

We are not self-serving in asking the amendments permit nonprofit provider agencies to donate the non-Federal share directly to the State, we are just saying maybe certain considerations took place and they might not have applied to nonprofit organizations.

Another change that we request is the prohibition that private donor agencies which currently are not permitted to make such donations in kind or cash where public agencies are, if that is deleted, we would appreciate that as well.

Another major problem we are encountering in the nonprofit sector is the training regulations which seek to demonstrate a policy preference to favor publicly employed social services personnel over privately employed social services personnel and exclude provider agencies from training contracts altogether.

We have been waiting for the promised revised training regulations from HEW. Some of our concerns were met. We have been meeting with HEW. They have been consulting everyone. Some of the requests have been met.

We are still concerned about certain other issues such as training for volunteers in provider agencies, in assuming HEW regulations will be issued.

We are concerned with the training for non hands-on services delivery personnel in provider agencies, not only administrative personnel per se but we are talking about bookkeepers, financial personnel, who after all have to deal with the very complex regulations and reporting requirements where contracts are involved and so forth.

We are also concerned about per diem and education costs for provider agency personnel in short-term training.

I thought I would give you an example of what volunteers are doing and what are some results of the availability of training.

The Boys Club in New Jersey, the Boys Club of Trenton, started a program very early in the game before concerns about reaching title XX ceilings and State allocations and so forth, of after school day care in an inner city ghetto neighborhood. This was so popular that five other New Jersey inner city neighborhoods served by Boys Club adopted it.

After they established a core of after school day care, they expended their programs beyond that core and they found rather sophisticated techniques to find funding, including using CETA personnel as staff.

In Jersey City, for instance, they also have volunteers from the business community who as as big brothers and big sisters and who do things such as helping with homework or raising educational aspirations and lifting horizons, taking the kids on tours to IBM plants and so forth.

The board of directors of each of these agencies were so enthusiastic about what they saw going on that they opened their facilities to other groups, namely senior citizens who are then using Boys Club facilities, including swimming pools, and they have facilities that are now used around the clock from 9 a.m. to 10 p.m.

We are thinking of the volunteers who are working with those kinds in rising their aspirations. We think they could benefit from training. We think of the board of directors who are so enthusiastic that they opened the buildings to other categorical groups. They have fiduciary responsibility under the State laws as board of directors. They must understand the languages of contracts, the technical and complex ways in which the program funding interrelates.

We do not even go into title transfers and other issues raised by the Urban Institute. It is a fact that most of our agencies use funding from various sources.

We therefore urge that the training regulations include training for volunteers, board members and nonsocial services delivery personnel.

I would like to give you some more examples of volunteer service such as home companions, prenatal care educators, paralegals advising battered women of their legal rights, ambulance dispatchers, and tutors in ghetto schools.

I do not want to make it sound routine but you have heard testimony all day about other provisions that were in H.R. 12973 last year and that are included in Mr. Corman's bill this year. We support them, using title XX funds for protective services, for emergencies, shelter for adults, permanently extending provisions relating to certain social services for alcoholics and drug addicts.

We also are suggesting a new provision that States which make provisions for homemaker and home health aid services to adults, children, and families under title XX establish or designate a State agency to be responsible for establishing and monitoring standards for such services which are in accord with recommended standards of national organizations concerned with standards for such services.

The whole issue of standards is something better not addressed. I just find member agencies are very much concerned about quality and about standards setting.

Homemaker-Home Health Aide Services is testifying after me and will explain what they do.

It would be very nice to see such a clause included.

Furthermore, with the medicaid and medicare abuse and defraud amendments of 1977 requests a report on such standards.

We also support a separate allocation and entitlement for Guam, Puerto Rico, the Virgin Islands, outside the title XX ceiling.

There is one more provision we are supporting in the nature of collaboration with other public agencies and their concerns and that is a fiscal cycle, that county fiscal cycles also be permitted to be the basis for CASP program. We believe this provision would apply only to Wisconsin.

I would like to thank you very much.

[The prepared statement follows:]

Statement of Rebecca Grajower, Assistant Director for Public Policy, the National Assembly of National Voluntary Health and Social Welfare Organizations, Inc.,[1] New York, N.Y.

My name is Becky Grajower and I am Assistant Director for Public Policy of the National Assembly of National Voluntary Health and Social Welfare Organizations, Inc., New York City. We have a membership of thirty-six national voluntary, non-profit organizations engaged in meeting the country's most pressing human needs through service delivery and public policy advocacy.

Of that number some twenty-four organizations have been participating—some quite intensively, others more peripherally—in the activities of the National Assembly Title XX Task Force, most ably chaired by Candace Mueller of the Child Welfare League of America. The Task Force has been monitoring the Title XX social services program since its inception in 1975, sharing information and concerns regarding the planning process in the states and legislative and regulatory developments at the national level.

In anticipation of this session of Congress, we have shaped a joint list of recommendations for Title XX legislation, to which twelve agencies have so far subscribed; two organizations chose to accept only some parts of the list. This testimony is therefore presented on behalf of the following member agencies: Department of Community Services, AFL-CIO; American Council for Nationalities Service; Boys' Clubs of America; Child Welfare League of America; Council of Jewish Federations; Family Service Association of America; Girl Scouts of the U.S.A.; Girls Clubs of America; National Council for Homemaker-Home Health Aide Services; National Council of Jewish Women; United Neighborhood Centers of America; and the National Board, Y.W.C.A. of the U.S.A. The United Way of America and the Association of Junior Leagues support only those portions of the testimony which address the recommendations they have signed on the appended legislative issues lists.

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[1] Submitted on behalf of the following member organizations of the National Assembly of National Voluntary Health and Social Welfare Organizations, Inc.: AFL-CIO, Department of Community Services; American Council for Nationalities Service; Boys' Clubs of America; Child Welfare League of America; Council of Jewish Federations, Inc.; Family Service Association of America; Girl Scouts of the U.S.A.; Girls Clubs of America, Inc.; National Council for Homemaker-Home Health Aide Services; National Council of Jewish Women; United Neighborhood Centers of America; and Y.W.C.A. of the U.S.A., National Board.

The following member organizations subscribe to certain parts of but not the entire, attached list of legislative recommendations: Association of Junior Leagues; United Way of America.

Our recommendations for Title XX legislation represent four areas of major concern to the aforementioned agencies participating on the Title XX Task Force—funding, public accountability, training, and restrictions on donated funds.

Inflation has eroded the value of the program funds alloted under the $2.5 billion Title XX ceiling set in 1972 by at least 25 percent. Thus the $2.5 billion authorization is now worth at most some $1.8 billion. Congress has enacted temporary increases of 8 percent for fiscal years 1977, 1978, and 1979, in the form of a $200 million earmark for day care under Public Law 94-401, and an additional 7.4 percent increase, to $2.9 billion, for fiscal year 1979. Under current law the Title XX ceiling is scheduled to revert to $2.5 billion in fiscal year 1980. These temporary increases scarcely compensated for inflation since 1972, and do not provide for program expansion or innovation in the 45 states (including the District of Columbia) at ceiling. The other six states (with the exception of Indiana) are near ceiling in expenditures of their allotments.

The Title XX program is very much a public-private program, a partnership between the single state agencies administering Title XX and providing direct services, and the public and private agencies providing services through purchase of service arrangements. Private agencies are estimated to have accounted for 40 percent or more of Title XX expenditures in 14 states in 1977. The mean for all states was 32 percent. While charitable organizations provided social services before large-scale federal involvement began—and consider it their responsibility to continue to do so, with funds derived from charitable donations as well as government contracts—they are cognizant that private funds are not sufficient to meet human services needs, and that public dollars spent for services are cost efficient. The aim of the social services we provide is to prevent human problems or treat social and medical needs, which, if left to develop, would require fare more expensive remedies. Examples are in-home services when hospitalization, or other forms of institutionalization, are not required; sexuality, pregnancy and venereal disease counseling for adolescents; day care for the children of working mothers.

We therefore urge that at the very least, the temporary $2.9 billion 1979 ceiling enacted by Public Law 95-600 be made permanent, as proposed by the Administration and in H.R. 2469. In addition we request that Congress enact a clause increasing Title XX allotments to the states to reflect increases in the cost of living. The Ways and Means Committee budget "mark" of $3.1 billion for fiscal year 1980, representing an increase of 7 percent over 1979 is therefore welcome. And the clause in H.R. 2724, which provides for further 7 percent increases in the Title XX ceiling in subsequent fiscal years is an appropriate—and hopefully adequate—response to inflationary pressures on Title XX programs. Certainly everyone wishes President Carter success in his efforts to contain inflation.

An additional concern is that the states do not reduce non-federal expenditures that could be used as a match to claim additional federal Title XX monies as Congress appropriates more funds to maintain current levels of services and to enable some expansion of needed social services. We find that the current provision of law, section 2003 (b) of the Social Security Act, requiring states to maintain aggregate expenditures at fiscal year 1973 or 1974 levels, is not sufficient to prevent reductions in state and local expenditures as more federal matching funds are made available.

Another aspect of our interest in funding of the Title XX program relates to effective as well as efficient utilization of state allotments. Since the $2.9 billion fiscal year 1979 ceiling was passed by Congress after the beginning of the fiscal year, states may not have anticipated that an additional $200 million would be made available, and therefore not have geared up to apply their increased allotments to carefully tailored service expansion. The Department of Health, Education and Welfare estimates that the states will spend $2.8 billion of their fiscal year 1979 allotments. The other $100 million could be retrieved if states were permitted to carry over any unused portion of their Title XX allotment for use in the next fiscal year, with some procedural limitation to prevent abuse, such as requiring approval by the Secretary of HEW.

Rationality in state comprehensive annual services program planning would be enhanced if the states were given the option of establishing a two-year as well as a one-year program period, thus synchronizing such plans with their budget cycles. Those states which opt for a two-year program period should be required to provide a 45-day comment period prior to the beginning of the second year. Such provisions are contained in H.R. 2724.

Accountability cannot be achieved without even rudimentary means to ascertain program effectiveness. Currently the Comprehensive Annual Services Program plan in most states functions as not much more than a statement of intent—what services are to be provided to which categories of persons. The Urban Institute evaluation of state implementation of Title XX summarized CASP plans as focusing on means rather than ends—namely the results of services provision. Nor do CASP plans provide for feedback on performance during the prior program period. We therefore recommend that states should be required to publish, within a period of up to 180 days after the program year, an annual services program report which describes the extent to which the services program of the state was carried out during that year in accordance with the CASP plan and the extent to which the goals and objectives of the plan have been achieved.

Another facet of accountability is responsiveness of program planners to input by individuals, organizations and groups outside the single state agency administering Title XX. We therefore recommend that states be required to give public notice of intent to consult with local elected officials and other public and private organizations, and provide them with an opportunity to present their views prior to publication of the proposed CASP plan; the principal views of such individuals and organizations to be summarized in the proposed CASP plan. H.R. 2724 contains a provision for such consultation with local officials, as does the Administration proposal. Last year, the Ways and Means Committee report accompanying H.R. 12973, the Social Services Amendments of 1978, stated with respect to a similar provision, that it was the intent of the committee that in all states—not just some—"all organizations and individuals who are involved in the delivery or receipt of services have an opportunity to be involved at the planning stage." We respectfully request that this intent of the committee be expressed as statutory provision.

The Title XX program places very tight restrictions on nongovernmental funds used to match federal funds. Federal financial participation is available only for funds transferred to the state or local agency and under its administrative control. Further such funds must be donated to the state without restrictions as to use, other than restrictions as to the services with respect to which the funds are to be used imposed by a donor who is not a sponsor or operator of a program to provide those services, or the geographical area in which the services are to be provided. Finally such funds may not be used to purchase services from the donor unless the donor is a nonprofit organization and it is an independent decision of the state agency to purchase services from the donor. As a result of these restrictions voluntary federated fund-raising organizations, independent of agencies sponsoring or operating services or training programs, have become the conduit for funds donated by private non-profit organizations. Nevertheless, states are receiving donations from private provider agencies, which are indeed resulting in purchase of service contracts. Such arrangements are made informally and then supported by documentation of the independent decision-making process which resulted in the purchase of service contract.

An analysis of state CASP plans yields some interesting findings. The Connecticut plan specifically states, with regard to subcontracts for legal services and safeguarding services entered by state agencies with private providers, that "these providers donate the 25 percent match amount." Other state plans, while specifying sources of donated funds, are less specific about the direct relationship between donation and purchase of service.

The restrictions on non-profit provider agency donations thus fail to achieve their intended purpose and only result in strained working relationships and less than appropriate accountability standards between the state agency and non-profit provider agencies providing purchased services under Title XX. We request that section 2002(a)(7)(D) of the Social Security Act be amended to permit non-profit provider agencies to donate the non-federal share directly to the state. We also request that section 2002(a)(7)(C) be deleted so that private non-profit agencies be treated equally with public agencies and permitted to make such donation in-kind as well as cash.

The training regulations seem to demonstrate a policy preference which favors publicly employed social services personnel over privately employed social services personnel, and exclude provider agencies from training contracts altogether. HEW had promised revised training regulations by October 1978. The revisions were to address such issues as training for administrative and other non hands-on services delivery personnel of provider agencies; volunteers in provider agencies; travel, per diem and education costs for provider agency personnel in short-term training; and training contracts with non-profit provider agencies.

Let me illustrate what training of volunteers, for example, would achieve. In New Jersey, the Boys Club of Trenton was the first organization to provide an after school day care program. This soon spread to five other New Jersey inner city ghettos served by Boys Clubs. These Clubs expanded programs beyond the core Title XX after school day care, and developed the expertise to utilize CETA employees for additional staffing. In Jersey City the program enjoys volunteer support from people in the business community who act as big brothers or big sisters, and function as homework helpers and to lift horizons in vocational aspirations. Each of these agencies have opened their facilities to other groups such as senior citizens, so that the facilities are now used around the clock, from 9 a.m. to 10 p.m. At each of these stages, volunteers and professional staff would have benefitted from training. On the other hand, these Boys Clubs have gained invaluable expertise to pass on to other individuals.

Volunteers in member agencies serve in capacities such as home companions, prenatal care educators, paralegals advising battered women of their legal rights, ambulance dispatchers, tutors in ghetto schools. They need training; they need adequate supervision. We therefore urge that Title XX training funding should allow contracts with non-profit agencies, and include short-term training expenses and training of staff and volunteers serving in all capacities in provider agencies.

Finally, we favor the provision of H.R. 2724 allowing states to use Title XX funds for emergency shelter for adults and permanently extending provisions relating to certain social services for alcoholics and drug addicts. And we favor adoption of a requirement that states which make provision for homemaker-home health aide services to adults, children and families under Title XX establish or designate a state agency to be responsible for establishing and monitoring standards for such services which are in accord with recommended standards of national organizations concerned with standards for such services. This is a development envisaged by the Medicaid-Medicare Anti-Fraud and Abuse Amendments of 1977.

The National Assembly of National Voluntary Health and Social Welfare Organizations, Inc.—Title XX Task Force Recommendations for Title XX Legislation

Adopted at the December 11, 1978 Meeting

The following recommendations have been approved by the member agencies listed below:

1. The Fiscal Year 1979 Title XX allotment to the states, increased to $2.9 billion by Public Law 95-600, should be made a permanent minimum.

2. The Title XX allotment to the states for fiscal year 1980 should be no less than $3.1 billion and in future years should reflect increases in the cost of living.

3. There should be separate Title XX allotments, outside the ceiling for the states, for Puerto Rico, Guam and the Virgin Islands.

4. There should be a requirement that states give public notice of intent to consult with local elected officials, and other public and private organizations, including voluntary, non-profit agencies, and provide them with an opportunity to present their views prior to publication of the proposed Title XX plan; the principal views of such individuals and organizations to be summarized in the proposed Title XX plan.

5. The states should be provided the option to establish either a one-year or two-year Title XX program period. If a state opts for a two-year program period, it must provide a 45-day comment period prior to the beginning of the second year.

6. The states should be provided an option to establish their Title XX plans in accordance with the fiscal year which applies to the counties in a state.

7. There should be a requirement that states publish within a period of up to 180 days after the program year an annual services program report which describes the extent to which the services program of the state was carried out during that year in accordance with the services program plan (CASP) and the extent to which the goals and objectives of the plan have been achieved.

8. The states should be required to maintain the aggregate expenditures of state and local funds of the highest expenditure fiscal year, rather than fiscal year 1973 or 1974 as is required by present law.

9. Any unused portion of the Title XX allotment to the states should be allowed to be carried over for use in the next fiscal year, subject to approval by the Secretary of HEW.

10. The Title XX program should allow non-profit provider agencies to donate the 25 percent non-federal share directly to the state; such "up front" donation, like that of public agencies, to be in-kind as well as cash.

11. The Title XX program should allow states to use Title XX funds for emergency shelter, for not in excess of 30 days in any six-month period, provided as a

protective service to an adult in danger of physical or mental injury, neglect, maltreatment or exploitation.

12. There should be a requirement that states which make provision for homemaker-home health aide services to adults, children and families under the Title XX program establish or designate a state agency which shall be responsible for establishing and monitoring standards for such services which are in accord with recommended standards of national organizations concerned with standards for such services.

13. There should be a permanent provision allowing Title XX funds to be used for certain social services provided to alcoholics and drug addicts.

14. Title XX training funding should allow contracts with non-profit agencies, and include short-term training expenses and training of staff and volunteers serving in all capacities in provider agencies.

Member agencies: AFL–CIO, Department of Community Services; American Council For Nationalities Service; Boys' Clubs of America; Child Welfare League of America; Council of Jewish Federations, Inc.; Family Service Association of America; Girl Scouts of the U.S.A.; Girls Clubs of America, Inc.; National Council for Homemaker-Home Health Aide Services; National Council of Jewish Women; United Neighborhood Centers of America; and Y.W.C.A. of the U.S.A., National Board.

UNITED WAY OF AMERICA

1. The Fiscal Year 1979 Title XX allotment to the states, increased to $2.9 billion by Public Law 95–600, should be made a permanent minimum.

3. There should be separate Title XX allotments, outside the ceiling for the states, for Puerto Rico, Guam and the Virgin Islands.

4. There should be a requirement that states give public notice of intent to consult with local elected officials, and other public and private organizations, including voluntary, non-profit agencies, and provide them with an opportunity to present their views prior to publication of the proposed Title XX plan; the principal views of such individuals and organizations to be summarized in the proposed Title XX plan.

5. The states should be provided the option to establish either a one-year or two-year Title XX program period. If a state opts for a two-year program period, it must provide a 45-day comment period prior to the beginning of the second year.

6. The states should be provided an option to establish their Title XX plans in accordance with the fiscal year which applies to the counties in a state.

7. There should be a requirement that states publish within a period of up to 180 days after the program year an annual services program report which describes the extent to which the services program of the state was carried out during that year in accordance with the services program plan (CASP) and the extent to which the goals and objectives of the plan have been achieved.

9. Any unused portion of the Title XX allotment to the states should be allowed to be carried over for use in the next fiscal year, subject to approval by the Secretary of HEW.

10. The Title XX program should allow non-profit provider agencies to donate the 25 percent non-federal share directly to the state; such "up front" donation, like that of public agencies, to be in-kind as well as cash.

11. The Title XX program should allow states to use Title XX funds for emergency shelter, for not in excess of 30 days in any six-month period, provided as a protective service to an adult in danger of physical or mental injury, neglect, maltreatment or exploitation.

12. There should be a requirement that states which make provision for homemaker-home health aide services to adults, children and families under the Title XX program establish or designate a state agency which shall be responsible for establishing and monitoring standards for such services which are in accord with recommended standards of national organizations concerned with standards for such services.

13. There should be a permanent provision allowing Title XX funds to be used for certain social services provided to alcoholics and drug addicts.

14. Title XX training funding should allow contracts with non-profit agencies, and include short-term training expenses and training of staff and volunteers serving in all capacities in provider agencies.

ASSOCIATION OF JUNIOR LEAGUES

4. There should be a requirement that states give public notice of intent to consult with local elected officials, and other public and private organizations, including voluntary, non-profit agencies, and provide them with an opportunity to present

their views prior to publication of the proposed Title XX plan; the principal views of such individuals and organizations to be summarized in the proposed Title XX plan.

10. The Title XX program should allow non-profit provider agencies to donate the 25% non-federal share directly to the state; such "up front" donation, like that of public agencies, to be in-kind as well as cash.

14. Title XX training funding should allow contracts with non-profit agencies, and include short-term training expenses and training of staff and volunteers serving in all capacities in provider agencies.

Mr. CORMAN. Thank you.

Mr. Rangel?

Mr. RANGEL. I just want to thank the witness for her testimony.

Mr. CORMAN. Mr. Rousselot?

Mr. ROUSSELOT. Thank you for your testimony.

How did you get all of these organizations to agree on the statement you made?

Ms. GRAJOWER. You will see that certain things are not included, such as earmarking for day care as Mr. Lane testified to about some controversy.

Mr. ROUSSELOT. Did you really get a consensus?

Ms. GRAJOWER. Yes. One of our agencies is only supporting three points.

Mr. ROUSSELOT. It is good to get even that much consensus.

Ms. GRAJOWER. I did not read my testimony about how as a task force we have been working on this since last December. We have been working very hard to achieve this kind of understanding.

Mr. ROUSSELOT. We could certainly use you in the Congress.

Mr. CORMAN. We are going to be marking this bill up next Wednesday. You may want to sit with us and see if you could help us get a consensus.

Thank you very much.

Mrs. GRAJOWER. Thank you.

Mr. CORMAN. Our next witness is Carol Lubin, executive director of the New York State Association of Settlement Houses.

Mrs. Lubin, we are pleased to welcome you.

STATEMENT OF CAROL R. LUBIN, EXECUTIVE DIRECTOR, NEW YORK STATE ASSOCIATION OF SETTLEMENT HOUSES AND NEIGHBORHOOD CENTERS, INC., AND ON BEHALF OF UNITED NEIGHBORHOOD CENTERS OF AMERICA, INC.

Mrs. LUBIN. I have submitted in writing a rather long statement which if it is in the record I shall depart from and simply confine my remarks to those areas which have not been, I think, sufficiently touched on by other speakers.

Mr. CORMAN. We appreciate that and your entire statement will be inserted in the record and you may proceed.

[The prepared statement follows:]

STATEMENT OF CAROL R. LUBIN, EXECUTIVE DIRECTOR, NEW YORK STATE ASSOCIATION OF SETTLEMENT HOUSES AND NEIGHBORHOOD CENTERS, INC., AND ON BEHALF OF UNITED NEIGHBORHOOD CENTERS OF AMERICA, INC.

Mr. Chairman and members of the Subcommittee, I am pleased to be authorized and enabled to present to you the views of the voluntary agencies I represent with respect to the Social Services, AFDC and Foster Care and Child Welfare Service Programs that are undertaken in consequence of the appropriate Titles of the Social Security Act. I am including in my testimony discussion of some of the bills that are currently before you and some of the regulations that have been issued or proposed by the Administration for the operation of these programs.

My name is Carol R. Lubin and I am the Executive Director of the New York State Association of Settlement Houses and Neighborhood Centers, Inc. I am providing this testimony both on behalf of the New York State Association and on behalf of the United Neighborhood Centers of America, Inc., (formerly known as the National Federation of Settlement Houses and Neighborhood Centers, Inc.). The New York State Association of Settlements comprises 72 settlement houses and neighborhood centers located throughout New York State. Of these, 36 are in the City of New York. All of the settlement houses provide social services relating to some aspects of Title XX, many of which are funded under Title XX. In addition, almost all of the settlements are involved in child welfare, prevention of child abuse, youth programs, programs for the elderly and day care programs that are funded either through the Social Security Act or under grants from New York State or foundations.

The United Neighborhood Centers of America, Inc., is a federation of 360 accredited settlement houses and neighborhood centers in 80 cities and in 30 states of the United States of America. The social services provided by the individual settlements outside of New York State are approximately equivalent to those in New York State, and almost all of the affiliated agencies provide one or more of the services governed by this hearing.

On behalf of the New York State Association, I work directly with the settlements in New York State and I participate in numerous coalitions of voluntary agencies around the State which are concerned with the issues that are the object of this hearing. Finally, I represent the national settlement system on a series of national coalitions and, in particular, I am a member of the Title XX Task Force set up by the National Assembly of National Voluntary Health and Social Welfare Organizations.

The testimony that I am presenting is based upon the day-to-day experience of the settlements over the past ten years, and the conclusions reached on many of these issues in the discussions of the State and National Coalitions and Task Forces.

I. TITLE XX

I shall begin my testimony by discussing the bills before the Subcommittee that propose to amend Title XX and indicate some of the additional areas which we believe should be included in whatever bill is finally adopted.

H.R. 2724, submitted by Congressman Corman, comes closest to meeting recommendations for changes in legislation that have been agreed upon by our respective organizations both National and State. However, even this bill does not fully meet our recommendations.

We strongly support the proposals for increasing the funds set forth in Section 2002 (a)(2)(A) in H.R. 2724, but we would prefer to see the sum for Fiscal Year 1980 raised from 3.1 billion to 3.5 billion as proposed in Congressman Green's bill (H.R. 1666). We understand that the lower figure was included to ensure conformity with the Budget Resolution for 1980, but we hope that a change can be made in the Budget Resolution rather than in the bill. We are delighted to see that both of these bills increase the amount over that proposed in current legislation and in Congressman Stark's bill as well as in the Administration proposals. We also support the proposal in the Corman bill to tie the amount on or after September 30, 1981, under a percentum increase based on expected increases in the cost of living. We agree that the figure of 107 percentum is probably a fair level for 1981 and assume that if the increase in the cost of living or inflation by that time should be higher than the 107 percentum, that the legislation could be amended at that point.

We also welcome the inclusion of specific dollar amounts for Social Services funding for territorial jurisdictions, if our interpretation is correct. We assume that these allocations are outside of the ceiling. We would also like to have a further amendment along the lines of that contained in Mr. Green's bill, H.R. 1666, which alters the basis for allocation of funds and provides for re-allocation of unused funds from one State to another. We recognize that there may be little available as increasing numbers of state have used their full allocations.

We support the provisions appearing in the Corman bill for permanent extension of the special allocation for child day care services. We hope that our interpretation is correct that these earmarked funds continue to be on the basis of 100 percentum federal funding so as to provide an incentive for both the provision of higher quality day care and for providers of day care to employ welfare recipients. We would like, however, to see some specific requirements added to these provisions.

First, we believe that there would be substantial advantage in having the federal government define more narrowly the use of the day care allocation so as to insure that it is used specifically for day care services and not "in connection with" the provision of day care services. This has resulted, we find, in the use of these funds for administrative purposes at the state or local level or has permitted the state to retain the funds for the staff of their own administration and supervision of day care operations. We believe that the concept of use of the funds for improvement of the quality and enlargement of day care should be required in the law.

Second, we believe that the law should specify not only that the funds are to go to a "qualified provider of day care services," but should be used to insure that any welfare recipient being employed to provide day care receives adequate training to become a qualified employee. Without this training, experience indicates that unqualified welfare recipients may be used and may be a hazard to the well being of the children. We shall deal with the training provisions of Title XX separately since they are not dealt with in any of the bills before us. I would only add here that I would hope that training of welfare recipients to make them qualified for employment should be funded either under the training funds that are outside the ceiling or through use of CETA training funds.

We strongly support the addition of the new sub-section after Section 2004 requiring consultation with the chief elected officials of the political sub-divisions of the State in the development of the plan and the requirement that each of these officials have a reasonable opportunity to present their views prior to publication. However, we urge that this provision be enlarged to require that states give notice of their intent to consult not only with locally elected officials, but with other public and private organizations, including voluntary non-profit agencies such as ours, and that the views of these organizations as well as those of the locally elected officials should be summarized in each proposed Title XX State Plan.

We strongly support the provisions in the Corman bill which would give states the option of establishing the state's service program at the beginning of the state's fiscal year and, if desired, extending the program period for two fiscal years. We also support the requirement that a two-year comprehensive service program plan is only acceptable if provision is made for additional public comment on the plan at least 45 days immediately preceeding the beginning of the second year. The development of a two year plan should permit more effective provision of services under Title XX. We believe for maximum effectiveness that this should be related to another change permitting funds that were not spent or adequately committed during the first year to be carried over into the second year. Such a carryover would obviate the frequent practice of hasty expenditure of funds at the close of the year in order not to lose them.

We also urge that a requirement be included that states publish within a period of up to 180 days after the conclusion of the program year an Annual Service Program Report which describes the extent to which the State service program was carried out during that year, in conformity with the states services program plan, and the extent to which the goals and objectives of the plan have been achieved. Many of us who have served on State Advisory Committees or worked with the State and local officials administering the State Plan have found that the lack of information concerning actual expenditures and services rendered have made the monitoring and planning processes unrealistic.

We also support the new provision in the Corman bill relating to emergency shelter. This open-ended provision seems to us better than the provision introduced by Congressman Miller (H.R. 1711) which limits the amount that may be paid to any one shelter for these purposes to $25,000 in any fiscal year. In case of a disaster, this figure might be inadequate. However, we would like to see added to the Corman provision the clear specification in Mr. Miller's bill that there would be no income eligibility requirements in cases of emergency shelter.

We also welcome the provisions in the Corman bill for the permanent extension of services to alcoholics and drug addicts.

In addition to the above provisions concerning Title XX, we support H.R. 2423 introduced by Congressman Weiss of New York to assist the deinstitutionalization of persons in mental institutions by the provision of federal funding at a 90 percent federal rate for "community based, home based care, or other forms of less intensive care and by providing for alternative housing, sheltered employment and related items." We note that this amendment to Title XX is part of a three-part program, the balance of which deals with Titles XIX and XVI, which we also support.

Related to our earlier discussion of the employment of day care workers, we support the identical bills introduced by Congressman Gradison (H.R. 2649) and Senator Long (S. 257) providing an incentive to employers to provide work for public assistance recipients on a part as well as full time basis. We believe the smaller part-time incentive figure will be particularly helpful in providing for substitute workers in day care. This is a need that has been seriously felt ever since the various cuts that have taken place.

Finally, with respect to Title XX funding, we urge that an amendment be made in the act to make it possible for non-profit provider agencies to donate the 25 percent non-federal share directly to the State without having to resort to the third-party subterfuge now required. We also urge that it should be possible for non-profit provider agencies to make this "up front" donation in kind as well as in cash.

We hope that the Subcommittee, when analyzing the various bills and proposals dealing with Title XX, will take into consideration the many specific proposals that we have outlined above. We believe that they are justified by experience with Title XX and urge their approval.

II. TITLE XX TRAINING PROGRAM

None of the current bills dealing with Title XX refer to the special training funds that have been made available outside of the Title XX ceiling and based on open-ended appropriations. It will be recalled that last year Congressmen Corman and Brodhead had submitted a bill which included provisions dealing with the training program. We understood that, at that time, these provisions were withdrawn following correspondence of June 7, 1978, with HEW in which a promise was made that new training regulations which would be issued not later than October 1978. Many of the provisions in the existing or former regulations were strongly objected to by voluntary agencies and, in particular, by agencies such as settlement houses which experience the need for training and have a long track record in providing such training when funding was available. We have expressed our views on these issues on numerous occasions—both federal and State—when the training regulations or Title XX plans were up for hearing at the Federal, Regional and State level. Although sympathetic comments were made, at no time did we obtain satisfactory changes in the regulations, and we were, therefore, pleased last year to see the Corman bill.

We were also privileged to see the draft regulations that had been prepared by HEW in accordance with the agreement and found that they meet our needs approximately 50 percent. We, therefore, again urged HEW to broaden their scope, but obtained no response from HEW. We were also discouraged to learn that these regulations, even in so far as they went had been held up initially in OMB and later in the Office of the Secretary. We currently have no information as to their future. Consequently, we urge further legislation with respect to Title XX training that would:

A. Broaden the type of institution that would be permitted to contract for training funds to include non-profit agencies which are not necessarily accredited educational institutions, but which have a satisfactory record in the field of training.

B. Enlarge the definition of persons that may be trained to include volunteers in non-profit agencies (currently only volunteers in public agencies are covered) and board membership.

C. Include within the list of staff of provider agencies who may be trained, those dealing with the administration (including fiscal administration) of provider agencies so as to permit increased accountability.

D. Extend the scope of the subject matter on which persons maybe trained to include administrative, supervisory and fiscal issues.

E. Permit stipends and travel expenses to be permitted for persons being trained, whether they come from public or non-profit organizations and whether the training is on the basis of short or long term. At the present time, such stipends are not authorized and substitutes cannot be paid for. It is, therefore, very difficult to provide payments to lower paid staff who need training and cannot afford the extra expenditure. Purchase of Service contracts in most programs do not cover such payments so that it is frequently impossible for persons most in need of training to receive the training.

We believe that the extension of the training program along the lines outlined above would not only be of assistance to providers and clients, but would also add to the accountability of the agencies and the cost effectiveness of the use of Title XX funds.

Finally, with respect to training, we hope that the Ways and Means Committee will, as indicated in their budget discussions, keep the training program open-ended and not accept either the Finance Committee or the Administration's proposals to "cap" the funds available for training. We strongly urge that the requirement of a 25 percent match will remain an adequate limitation on the use of training funds and that where this match can be obtained, there is a clear incentive for the provision of vital training to make Title XX effective.

III. AMENDMENTS TO TITLES IV-A & B OF THE SOCIAL SECURITY ACT

We strongly support both HR 1291 as introduced by Congressman Broadhead and H.R. 1523 introduced by Congressman Miller. Both these bills contain many of the provisions that formerly appeared in H.R. 7200 as adopted by the House.

We prefer the definition, which is a reflection of the emphasis that is found in the Miller bill which reads: "To provide improved assistance to children and families in need of services, to promote greater accountability for children in foster care, to promote greater permanency for children, to facilitate the adoption of children who would otherwise remain in indeterminent foster placement, and to reduce the wasteful expenditure of federal funds." The cost savings in the avoidance of foster care are evidenced in some of the provisions of the Miller bill. We are very aware, as providers of services, of the enormous differences in the costs to the taxpayers and, indeed, to the families concerned of the higher expenditures involved in foster care. We also believe that while foster care is usually better, and indeed less expensive than institutional care, funds used to provide the support services necessary to enable a child to remain in his own home are a far wiser and more satisfactory mechanism. Our settlement houses have provided this kind of support services for almost a century, and we know the effectiveness of using the funds in the community for community based operations.

There is one provision in the Miller bill which will involve a major increase in reimbursable expenditure, and we support this provision. It would permit adoption subsidies to be continued for persons from 18 years of age to 21 if they are attending school. This expenditure is vitally needed for our young people, especially because it is the hard to adopt child who is most likely to come under this category, and it's need to attend school is frequently vital. Without this provision, families may be hesitant or unable to adopt or care for such older children.

Both bills include provisions which we warmly support, requiring states to make available preventive services which include home maker services, day care, 24-hour crisis intervention, emergency care, technical services, emergency temporary shelter, group homes for adolescents and emergency counseling. Moreover, both bills amend existing legislation to ensure compliance with child day care standards and requirements as imposed under Title XX. All of our settlements provide one or more of these services and many provide them all. We believe they are indispensable assistance to children and families in need.

I would like to digress a moment here to comment on the provision with respect to child care standards. This is another area where we in the settlement movement have been unhappy at many of the proposed changes by HEW and by the states which tend to lower licensing standards and to distinguish between standards for publicly funded programs and private or proprietary programs. We feel these distinctions are dangerous and, while we know that some of the standards and requirements of the original federal inter-agency day care requirements were unrealistic and need alteration, we do not support many of the new proposals that are under consideration, and we hope that the Congress will take a further look at these standards before they are implemented.

To return to the discussion of the Miller/Brodhead bills, we are delighted to find that both would change Title IV-B from an authorization and appropriation to a specific entitlement fixed at $266 million per year. This had been the original level that we supported in H.R. 7200, and we hope that this time it may be legislated.

We also support the additional amendment (H.R. 2684) of the Downey/Rangel bill which would add a new section to Title IV-B requiring states to develop a written individualized case plan for each child receiving foster care and to establish procedures for an impartial review of each case plan by an experienced persons "not directly involved in the provision of services to the family" no less frequently then once every six months. This provision and the specifications concerning the review are in agreement with draft bills that are now under consideration in New York State and which have been the result of long negotiation.

We also agree with the addition which would, in fact, "grandfather" in more children who were voluntarily removed from the home of a relative prior to February 1, 1979. This again is an addition which will be of great help in the fair administration of the Act.

In concluding my discussion of the current bills, I again wish to urge that these bills including their higher funding should take preference over the administration proposals which, while agreeing to adoption subsidies, would tend to make less federal funds available than those under the bill. We believe children need the protection that would be funded in this manner.

IV RELATED SOCIAL SERVICE PROVISIONS

In concluding my testimony, I would like to call attention to some areas directly related to the services discussed above—or to Title XX—but which are authorized under separate legislation.

We were pleased, last year, at Congressional Action in establishing or authorizing new programs in the areas of prevention of child abuse, prevention of teenage pregnancy, and programs to increase community assistance and employment services for the aging. We have been disappointed that the delay with respect to 1979 HEW appropriations prevented availability of any additional funds for these programs. We know from direct experience the importance of these programs and how badly funding is needed. We still hope Congress makes funds available—and that HEW provides for their expenditure. We would also hope to receive "Requests for Proposals" to provide these services.

Further, we are dismayed to see that no additional funds have been requested in the HEW budget for extending youth programs generally, or for runaway youth in particular. This is another area where funding can provide most significant "preventive" services—and where voluntary multi-purpose agencies play an important role.

We also hope the Congress, this year, will enact legislation to help prevent domestic violence, and that funds will be made available to implement appropriate programs.

Finally, we are on record in support of the new child care bill (S. 4 in the Senate) and hope to have an opportunity to testify with respect to some changes that might appropriately be made when its financing is considered in the House.

Thank you, Mr. Chairman, and members of the Committee, for giving me this opportunity to express the views of the settlement house movement on the numerous issues you are considering. I believe I can speak for the boards, staff and even more significantly for their extensive locally-based clientele in supporting your concerns.

We represent primarily low-income individuals seeking to maintain themselves in dignity, who can and do benefit from the many programs you have under consideration.

Mrs. **Lubin**. First I should like to state, I am one of the signatory agencies to the statement made by the previous speaker and, therefore, support the testimony given by Ms. Grajower. I am, therefore, not going to repeat any of the things that she said. I should add that this consensus was arrived at after a great deal of lengthy discussion and lengthy consideration by the individual agencies.

I think that I am unique here in that I am probably the only person who is speaking directly for provider agencies. Our national federation represents 360 settlements throughout the Nation and in New York State we have 73 settlements. What I am talking to is not the organization or the politics of what happens but the way in which settlements have provided or have used and been used in respect not only to title XX, but also title IV (a) and (b) since we provide services under all of these titles.

I would like to explain that, as Mr. Rangel knows very well, all our settlements are in the hardcore areas and are serving the clients who need the kind of services and the kinds of things that this legislation was designed to provide.

It is from this point of view that I am very happy to answer any questions because we do have the experience of what happens with the clients and why some things work and why some things do not work.

We welcomed title XX when it was first enacted and we still support it, but we feel that there are really some very substantial changes needed. We welcome your bill. We, also, would rather have the higher limits rather than the lower limits. We know the political reality, but we feel that the funds that do come down to the local agencies are very well used in most instances. Obviously it is not in all cases.

I think also as the representive of agencies at the local level, and of private nonprofit agencies who are providing services, that we have basically been frustrated more by State and local regulations than by Federal regulations—except with respect to training which I want to discuss in more detail.

We are a little bothered by the limit of a 107-percent increase in the funds in later years, but I assume that that could be changed if the cost of living goes up even faster. We do support the day care special allocations, in contrast to what was said by a few others, because we feel that this is one of the services which is most needed not only from the point of view of a mother who needs employment, but that there has been too much of a tendency, because of the shortage of funds, to forget the child in the whole problem and to forget the family needs.

Certainly day care is a service that can aid families perhaps more than any other services. When we are talking about foster care and when we are talking about the institutionalization, day care is one of the tools that even if it is more expensive than some other services, is still a tool which is less expensive than foster care and terribly important to the maintenance of the family.

I think from that point of view, that earmarking is important. We have found in New York State some very severe problems because of the lack of clearer earmarking and the lack of clearer regulations. It has been too easy for the State not to use the Mondale-Packwood funds for service but to use them in administration. We would hope that the bill could be even more rigid in determining how these day care funds are to be used so that they really reach the local providers of day care. That has not been the case in many instances.

While I am talking on the day care issue, and this relates to the training issue and to the whole question of the use of funds for welfare recipients, we obviously applaud the idea of increasing the numbers of persons working in day care centers by the incentive it provides.

We would hope, however, that there would be some special training provisions included and required so that we are not in a position, as we have seen done in practice, of potential abuse of children by having untrained welfare workers used because this was a cheap way of getting help in the day care centers.

We think the same people could be used well provided they were trained—and at the moment there are really no training funds that are available for this particular area.

Another issue which I would like to raise is that in terms of consultation, we talk about about elected public consultation, but we hope there would be a specific provision added to your bill, Mr. Chairman, that would say that nonprofit organizations would also be consulted on the same basis that the public organizations are consulted. It is organizations like ours which have day-to-day experience in operating under State and local plans which, if they are not consulted in the planning phase, cannot have adequate input on the allocation and use of funds.

I want to make clear that we do not only provide day care. The settlements provide a very wide variety of services—almost all of the social services under title XX—so that we are concerned with how funds are distributed, but we also know that lesser funds, can be used in some instances more in others.

To go back for one moment to my written testimony, one of the things we hope could be done would be to provide that not only could the funds carry over a 2-year period, but that accumulated funds could also be carried over. We have found in other programs, such as LEAA, that accruals have been extremely useful. We would hope something could be done along those lines.

I will skip over much of my testimony which is the same as that given by others. We strongly support the idea of direct donated funds by provider agencies. With respect to training, we are very anxious to see that provider agencies with a track record in training—I am not saying any provider agency—should be in a position to do the training. At the present moment, even through the Silverman fund, it is necessary to go through "an accredited educational institution," and that is in the law and not in the regulations. We hope that provision could be extended so that agencies which have had experience in training could contract directly to obtain training funds. We know we are capable of it—we do it under CETA—and it under all kind of other programs, but we have been unable to do it under any of the title XX funds because we are not "an accredited educational institution."

Along the same lines and as Grajower said, we very much would like to see a change made—and this was included in the bill withdrawn last year—and was never adequately covered in even the draft regulations that we saw, that would permit not only volunteers to be trained but also board members, directors, and supervisors in agencies. They are the people very often who need the training; in States such as New York where we are at the ceiling and where there is in addition to the Federal ceiling a State ceiling as to how much money can be spent on social services; it is not possible to write into a purchase-of-service contract adequate funds to train the supervisors and train the auditors and train the bookkeepers. This can be done if they are on the staff of a public agency but it is the private agencies who have to prove their accountability and it is these agencies, these provider agencies, that ought to be enabled to do their own training or to obtain funds to do their training. In addition to this issue, we feel that the subject matter of training has been too limited.

We do not believe that there should just be training of the people who are directly related to the clients. If we are going to have accountability and cost effectiveness, not only the bookkeepers but the board members who have to sign the contracts need to know what they are signing.

In several cases board members have withdrawn from boards because they realize that they are going to be held accountable and they are not in a position to know what is going on or to know what they should be looking for. So we believe that a good training program which could be well justified under title XX, should aim at the training of those persons who need the training to provide any aspect of the provider services.

Going over to the question of title IV (a) and (b), there is one provision in the Miller bill that we like better than the Brodhead bill. While they are very closely similar, there is a question of the age of children. We think it is very important that a child who is in foster care or adoption, if he has special difficulties and if he is going to school, should be able to receive the stipend or the funds that go along with adoption up to the age of 21, subject to his being in school. That issue was well covered in the Miller bill definition and hope it can be included.

We have pointed out—or I have pointed out in my written testimony—the background of many problems that have arisen in implementing some of the requirements and this brings me back particularly to the day care requirements.

We feel that there is a problem at the moment in setting standards which differentiate between private not-for-profit agencies and between those applicable to proprietary agencies and to publicly funded agencies. We think the idea of lowering the standards of the proprietary and profitmaking agencies is very dangerous. It is currently taking place in our State and I think in many others.

I would like for one moment before concluding to pick up in terms of the total picture some of the parallel legislation which is being considered at the present time and which we hope will be also considered in your committee.

We were very disappointed last year, particularly in the field of prevention of teenage pregnancy, and new programs for child abuse that no additional funds were appropriated. Another example is the community assistance and employment services for the aging program where the legislation was passed but the holdup on the 1979 appropriations has meant that it has not be possible to fund any of the new programs. We would urge that in one of your capacities there be more of an effort to see that funds are made available for these proposals which supplement and serve a vital need in the whole area of not only social services but preventive services.

We think that preventive services should not be defined as narrowly as they have been under title IV (a) and (b) and that any extra funds that could be found to get these services really going would be very helpful.

This includes, for example, in response to the Government statement today the fact that they have limited in the budget provisions to last year's figure without providing for the effect of the higher cost of living and inflation. An example is the runaway youth program which we have found to be extremely helpful. Such programs are needed and private agencies cannot continue to operate them without public funds—because the private funds are drying up just as much as public funds have so that it becomes increasingly difficult for agencies that carry out these programs to obtain sufficient private funds to work effectively.

I would be very happy to answer any questions. I am very grateful for the opportunity to submit this kind of information to you.

Mr. CORMAN. Thank you very much.

Mr. RANGEL. I was interested in the criteria your institution would use in showing that people were properly trained. You used the word "volunteer," but there is no job tenure involved for a recipient with that training. Last, when you talk about people working in day care who are not properly trained, I assume that there are certain State standards which had to be met before the day care center could use them.

Mrs. LUBIN. Let me start back with the first one.

There are State standards for the licensing of the teachers, and of the higher and there are State standards for the general physical setup of the day care centers, for example. The welfare recipient who is untrained would probably not be put in to those positions because the pay scale of $5,000 would not be adequate, but they would be used as substitutes and they would be used in day care centers. We have found that they have on occasion abused children and there are moments in the day care center when they do not know what to do and do not know how to handle it.

I think relatively simple training should be in-house training but with the reduced budgets for day care there is just no time at the moment and no staff available to do it. That is our real reason for this and not the fact there are no standards that apply to the day care center as a whole.

Your other issue is on the criteria of how the training would be monitored.

Mr. RANGEL. If you are talking about title XX moneys and your opposition is limited to the restriction placed on institutions of higher learning it is difficult to understand how you would handle that and consider the number of hours and so on.

Mrs. LUBIN. Such training would have to be part of a plan which would define the criteria; training funds would be under a contract which would specify the nature of the training and the curriculum. It is not a question of changing the criteria—but we think not all of it has to be in a classroom and not all of it needs to be the type of lectureship required for accrediting. The training plan probably should be defined in cooperation with an educational institution.

The kind of training that we have done for CETA workers and the kind of training that we have done for senior companions where we give them very carefully defined programs should be followed. Any plan would have to be approved and monitored under a State plan or a city plan or a county plan.

Mr. RANGEL. My last question dealt with the use of volunteers for training.

Mrs. LUBIN. Well, we do not want to use volunteers to do the training. We want to have volunteers trained because the experience of the provider agencies is that, in the first place, boards need training and they play a very real part.

Mr. RANGEL. I was asking about your experience with the length of time required for training.

Mrs. LUBIN. In most instances it is several years. We are not thinking of a person who comes in for 2 or 3 weeks, actually volunteers really, at least in our agency, and has to give a pretty formal commitment to stay at least through a year.

It is not a written contract but there is a very clear understanding that they have to attend the regular courses. They usually have worked for 6 months or maybe a year or more before they become available for training. It would not be just the casual man who walked in from the street.

Mr. ROUSSELOT. Mrs. Lubin, you mentioned at one point and I am not sure how we can do anything about it but maybe we can with legislation and with amendments, that the nonprofit organizations were not being consulted by the State agencies or what?

Mrs. LUBIN. They are in New York, and in New York at least, I have no ground for objection. We have a very good relationship both with the State and the New York City planners. But upstate in New York we find that the counties do not bring the agencies in the same way. In many States they are not consulted at all and my suggestion is that where you have in the amendment that is proposed that the State must consult with local elected officials, that this provision should be extended by the addition of the phrase "and appropriate voluntary organizations."

In actual fact in New York City, we have a title XX committee that meets with the local agency and with the State agency on a very regular basis through their advisory committees.

But I know that that has not been the case in a great many other States. We have seen the extent to which our views were sometimes accepted in New York. At this point we have been doing it on a voluntary basis but I know, as a representative of our national organization, that has not been the case in a great many States and that is why I would like to see it be required.

Mr. ROUSSELOT. Would you wish to comment on the suggestion that there should be means test for adoptive parents' eligibility for the adoptive subsidy?

Mrs. LUBIN. I have no objection to the income test for the adoptive parents in some respects, but I think that there should not be income tests for the hard to place children because I think their problems, the problems where there are children who are facing mental and medical issues, are going to be even hard to met by the middle-income family who wants to do it but is afraid to take on what may be an overwhelming responsibility later.

So that I would think that there should be no income test for the adoptive parents of the hard to place, but I think that the others, the middle-income parents who are trying to adopt not hard to place children, they would not ask for subsidy.

Mr. ROUSSELOT. But the biggest problem is with the hard to place child?

Mrs. LUBIN. That is why I think that there should be definitely not an income test, and that the hard to place child should carry the adoption subsidy with him irrespective of the income of the family.

I think that will be the basic way we can break through the institutionalization and make adoption a fairer thing than foster care. This would be for the good of or lead to much more deinstitutionalization.

Mr. ROUSSELOT. Thank you.

Mr. CORMAN. Thank you very much.

Our final witness is Harriet Miller, a member of the board of directors of the National Council for Homemaker-Home Health Aide Services. We appreciate your patience.

STATEMENT OF HARRIET MILLER, MEMBER, BOARD OF DIRECTORS, NATIONAL COUNCIL FOR HOMEMAKER-HOME HEALTH AIDE SERVICES, INC., ACCOMPANIED BY EMILY LAYZER, STAFF ASSOCIATE FOR SOCIAL POLICY AND LEGISLATION

Mrs. **Miller.** I will say that the national council is a member of the National Assembly Title XX Task Force and we are pleased to be one of the ones that was able to arrive at the consensus.

I am accompanied by Emily Layzer, staff associate for social policy and legislation. The council is a national, nonprofit 501(c)(3) membership organization, with offices at 67 Irving Place, New York, N.Y. The national council's goal is availability of quality homemaker-home health aide services in all sections of the Nation to help individuals and families in all economic brackets when there are disruptions due to illness, disability, social, and other problems, or where there is need to help enhance the quality of daily life.

MEMBERSHIP

The national council is comprised of 597 dues-paying members, of which 260 are agencies providing homemaker-home aide services in 45 States and in several Canadian Provinces; 46 organizations and 291 are individuals—1978 yearend figures. Programs from all auspices—voluntary nonprofit, public and proprietary—are included in the council's membership. Written and visual materials, conference, and other services are available to and used by many organizations, including nonmember agencies providing homemaker-home health aide services in the United States and Canada.

BACKGROUND INFORMATION

The delivery of home-based services has increased dramatically within the last several years. From 1973 to 1976, the number of agencies providing homemaker-home health aide services grew from 1,700 to over 3,500; our most recent survey indicates that by 1978, over 5,000 such programs were in existence. In 1976, over 1 million individuals were receiving in-home services under title XX programs, with total expenditures amounting to greater than $575 million. Of these in-home services, chore, homemaker, and protective services represented 70 percent of both total recipients and expenditures.

The reasons leading up to this spiraling growth in home care services are many and varied. High divorce rates across the country have created many single-parent families, a high percentage of which live in poverty. The "graying of America" is a second demographic trend which is demanding new and humane responses to the long-term-care needs of older Americans. Several statistical projections serve as sharp indicators of the special set of challenges confronting long term care planners and policymakers:

The elderly population—which represents the majority of home care consumers under title XX—is growing rapidly, both in relative and absolute terms. By the year 2000, it is estimated that the number of older Americans will swell from 20 million to 30.6 million—from 1 in 10 persons to 1 in 8.

The 75-and-over bracket has grown more rapidly since 1900 than has the 65 to 74 age bracket. In 1900, the upper age group represented 29 percent of the 65-and-over population. In 1975, that same group represented 37 percent of the 65-plus population. This trend can be expected to continue in the 21st century.

Twenty-five percent of all older persons subsist in poverty, on incomes below $3,200.

Over 20 percent of the elderly have a problem which severely restricts their mobility.

These factors—coupled with an increasing awareness that institutionalization is less humane and considerably more costly than home-based care—have created a surge of demand for in-home services nationwide. Indeed, a report from the General Accounting Office—issued December 30, 1977—stated loudly and clearly that "until older people become greatly or extremely impaired, the cost of nursing home care exceeds the cost of home care including the value of the general support services provided by family and friends."

NEED FOR INCREASED TITLE XX EXPENDITURES

Despite an increasing national awareness of home care alternatives, our member homemaker-home health aide agencies report that the demand for title XX home care services is still largely unmet in their communities. It appears that the Federal ceiling on title XX funds has forced many States to try to serve more and more needy and eligible persons with fewer and fewer home care dollars. The concurrent movement to deinstitutionalize from both mental health and long-term-care facilities has exerted extra pressure on limited home care funds.

In many parts of the country, these exigencies have led States and localities to develop intensely competitive bidding procedures, with unit cost per hour of service oftentimes the only factor examined in selecting a home care contractor under title XX. The national council firmly believes that States are sacrificing quality and even safety when they look only at unit cost factors.

In order to alleviate the critical fiscal bind in which States trying to deliver social services currently find themselves, the national council urges that the current title XX allotment of $2.9 billion be established as a permanent minimum, that the title XX allotment for fiscal year 1980 be increased to no less than $3.1 billion, and that in future years allotments reflect increases in the cost of living.

NEED FOR STANDARD-SETTING AND MONITORING PROCEDURES FOR HOMEMAKER-HOME HEALTH AIDE SERVICES UNDER TITLE XX

As mentioned above, the competitive undertone of title XX has given rise to bidding for contracts on the basis of hourly cost factors alone. Agencies offering very little in the way of training or supervision for their homemaker-home health aides and minimal, if any, professional inputs are being awarded title XX contracts in State after State.

Recent statistics from the Bureau of Health Insurance (appendix A) indicate that cost per hour of service is a misleading indicator of cost efficiency. These statistics reveal that while the average charge per visit is similar, the number of visits and thus the cost per case are much higher for the proprietary and "private not-for-profit"[1] groups than they are for public and voluntary programs. The BHI statistics have been augmented by recent congressional testimony revealing that actual case costs are being inflated through unnecessary hours of service provision. This practice not only raises questions about the prudent expenditure of taxpayers' money, but also creates an unhealthy dependency situation for the individuals and families who are being served.

A corollary issue to that of fiscal and service accountability is that of outright fraud and abuse. Recent congressional testimony has spotlighted a plethora of abuses in both the proprietary and private not-for-profit sectors, abuses which include the delivery of an inappropriate—more lucrative—level of care, use of intrained workers to deliver paramedical services, submission of fraudulent expense accounts, bribing of auditing agency staff, use of Government funds for personal aggrandizement, and more.

Many of these abuses parallel the scandals so vividly documented in the nursing home industry during the sixties and seventies, and there is fear that the incidents unearthed in the home care field may represent only the tip of the iceberg.

In light of these concerns, the national council urges that there be a provision in the Federal law requiring standards for in-home services, including for the aged. It should also require that States which make provision for homemaker-home health aide services to adults, families, and children under the title XX program clearly designate a State agency which shall be responsible for establishing and monitoring standards which are in accord with those of national organizations concerned with such services, such as the National Council of Homemaker-Home Health Aide Services, Inc.

PROBLEM OF SELF-EMPLOYED PROVIDERS UNDER TITLE XX

A further complication that has emerged in the home care field under title XX is the use of self-employed rather than agency-employed workers to care for persons in the home. It is believed that some 25 States now administer such "self-employed provider" programs, with a total work force of well over 50,000. Most States provide no training for the workers and offer little supervision. Case reassessment is generally performed infrequently if at all. As a result of the "laissez faire" administration of such programs, accountability is being jeopardized on three fronts:

First, due to the lack of sound case management and training of the workers, the consumer may receive inappropriate or inadequate care, causing additional complications. In some cases, the workers may provide too much care, fostering client dependency and inhibiting self-sufficiency.

Second, due to the lack of social security, unemployment compensation, and minimum wages for the self-employed providers, many are forced into dependency themselves when the fall ill, when they are out of work, or when they are aged or disabled themselves.

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[1] "Private-not-for-profit" agencies are a rapidly growing phenomenon in the home care field. While under IRS regulations, these agencies have the same tax status as community-sponsored, voluntary agencies, the individuals who operate them often "profit" from unusually high salaries, fringe benefits, and expense accounts.

Third, and finally, because of the hidden costs inherent in each of the above-mentioned situations, taxpayer money is being ineffectively spent in the long run. Indeed, the very fact that our Federal, State, and local governments are providing subsidy to poor quality service in some instances gives one pause to question the intent of our entitlement programs for the elderly.

The national council therefore recommends that home care providers under the title XX program be required to be employees of an accountable homemaker-home health aide agency which meets basic standards of quality as monitored by the individual States.

NEED FOR UNIFORM SERVICE DEFINITIONS UNDER TITLE XX

Title XX authorizes each State to determine, define, and set priorities for the social services it will provide. As a result, definitions for homemaker and chore services vary widely in published title XX plans from State to State. For example, chore services—which in no State require specially trained or skilled workers—run the gamut from heavy, "hand off" activities such as woodchopping or winterization, which are appropriate, to personal care duties involving physical contact, which are inappropriate, because personnel lack the needed training and supervision.

In 1976, it was reported that in California, 30 percent of the State's expenditures for in-home services was arbitrarily allotted to homemaker service, while the majority, 70 percent, was allocated to the lower cost per hour chore services. The chore workers, who are not required to be trained or supervised, are authorized under California's title XX comprehensive annual service plan to perform such personal care duties as "care of the teeth and mouth, assistance in getting in and out of bathtub or shower, and help with bowel and bladder care."

The lack of uniformly required service definitions in title XX has led to problems not only in the appropriateness of services provided, but also in the development of common accounting and reporting procedures among agencies. Indeed, States are incapable of performing valid comparisons among agencies due to the lack of common service definitions. For these reasons, the national council urges that uniform definitions for in-home services be required under title XX.

ENDORSEMENT OF NATIONAL ASSEMBLY TITLE XX TASK FORCE RECOMMENDATIONS

Finally, the national council urges the Public Assistance Subcommittee to endorse the recommendations which have been carefully developed by the National Assembly Title XX Task Force, of which the council is a member.

Among the many important recommendations included therein (appendix B), the council particularly urges that title XX training funding should allow contracts with nonprofit agencies and include short-term training expenses and training of staff and volunteers serving in all capacities of provider agencies. The nonprofit sector has a considerable expertise and experience to share in the training arena, and, likewise, requires support to maintain up-to-date skills and knowledge in delivery of social services.

On behalf of the members of the national council, I thank you for this opportunity to present our views on the title XX program.

Mr. CORMAN. We will include at this point in the record the tabulation you have presented.

[Appendixes to the statement follow:]

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APPENDIX A

TABLE 4.--Number of persons served, number of visits, and amount of charges, by type of visit and type of agency, calendar year 1975

Utilization and type of visit	All agencies	Visiting nurse association	Combined government and voluntary agency	Governmental health agency	Hospital-based agency	Proprietary agency	Private nonprofit	Other 1/
Persons served:2/								
Total (in thousands)..	499.6	231.7	20.8	112.5	57.7	18.9	50.5	7.5
Nursing care.........	479.5	224.1	20.0	108.4	55.4	17.5	47.1	6.9
Home health aide....	137.4	56.7	4.3	27.2	11.9	10.0	25.1	2.3
Physical therapy....	100.9	43.9	3.1	18.2	15.6	4.5	13.6	1.8
Other3/	43.2	16.4	0.7	5.2	8.4	3.0	8.1	1.3
Visits:								
Total (in thousands)..	10,805	4,555	322	2,331	1,159	603	1,638	177
Nursing care........	6,647	2,942	213	1,493	753	262	889	104
Home health aide....	2,840	1,095	76	610	206	256	552	47
Physical therapy....	1,037	407	30	189	160	70	166	18
Other...............	281	112	5	39	[illegible]	16	49	9
Visit charges:								
Total (in thousands)..	211,944	80,578	6,477	39,448	28,631	13,801	39,632	3,326
Nursing care........	133,200	53,171	4,685	27,181	18,167	6,260	21,679	2,054
Home health aide....	48,230	16,673	1,089	8,118	6,812	5,239	11,550	749
Physical therapy....	23,530	8,103	605	3,409	6,259	1,846	4,969	337
Other...............	6,984	2,631	98	740	1,393	456	1,484	186
Average number of visits per persons served:								
Total..................	21.6	19.7	13.5	20.7	20.1	32.0	32.8	23.8
Nursing care........	13.9	13.1	10.6	13.9	13.6	15.0	18.9	15.0
Home health aide....	20.7	19.3	17.7	22.5	17.4	25.6	22.0	20.4
Physical therapy....	10.3	9.3	9.5	10.3	10.2	15.3	12.2	9.8
Other...............	6.5	6.8	7.5	7.5	5.9	5.3	6.1	6.6
Average visit charges per person served:								
Total..................	424	348	311	351	497	731	785	445
Nursing care........	278	237	234	251	328	358	460	297
Home health aide....	351	294	252	299	405	524	460	328
Physical therapy....	233	184	194	187	273	407	364	187
Other...............	162	161	142	141	165	153	183	139
Average charge per visit:								
Total..................	20	18	20	17	25	23	24	19
Nursing care........	20	18	22	18	25	24	24	20
Home health aide....	17	15	15	13	23	21	21	16
Physical therapy....	23	20	21	18	27	27	30	19
Other...............	25	23	19	19	27	29	30	21

1/ Includes rehabilitation and skilled nursing facility-based agencies.
2/ Detail does not add to total since persons may receive more than one type of service.
3/ Includes speech or occupational therapy, medical social services and other health disciplines.

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APPENDIX B.—THE NATIONAL ASSEMBLY OF NATIONAL VOLUNTARY HEALTH AND SOCIAL WELFARE ORGANIZATIONS, INC.—TITLE XX TASK FORCE RECOMMENDATIONS FOR TITLE XX LEGISLATION

Adopted at the December 11, 1978 Meeting

The following recommendations have been approved by the member agencies listed below:

1. The Fiscal Year 1979 Title XX allotment to the states, increased to $2.9 billion by Public Law 95-600, should be made a permanent minimum.

2. The Title XX allotment to the states for 1980 should be no less than $3.1 billion and in future years should reflect increases in the cost of living.

3. There should be separate Title XX allotments, outside the ceiling for the states, for Puerto Rico, Guam and the Virgin Islands.

4. There should be a requirement that states give public notice of intent to consult with local elected officials, and other public and private organizations, including voluntary, non-profit agencies, and provide them with an opportunity to present their views prior to publication of the proposed Title XX plan; the principal views of such individuals and organizations to be summarized in the proposed Title XX plan.

5. The states should be provided the option to establish either a one-year or two-year Title XX program period. If a state opts for a two-year program period, it must provide a 45-day comment period prior to the beginning of the second year.

6. The states should be provided an option to establish their Title XX plans in accordance with the fiscal year which applies to the counties in a state.

7. There should be a requirement that states publish within a period of up to 180 days after the program year an annual services program report which describes the extent to which the services program of the state was carried out during that year in accordance with the services program plan (CASP) and the extent to which the goals and objectives of the plan have been achieved.

8. The states should be required to maintain the aggregate expenditures of state and local funds of the highest expenditure fiscal year, rather than 1973 or 1974 as is required by present law.

9. Any unused portion of the Title XX allotment to the states should be allowed to be carried over for use in the next fiscal year, subject to approval by the Secretary of HEW.

10. The Title XX program should allow non-profit provider agencies to donate the 25 percent non-federal share directly to the state; such "up front" donation, like that of public agencies, to be in-kind as well as cash.

11. The Title XX program should allow states to use Title XX funds for emergency shelter, for not in excess of 30 days in any six-month period, provided as a protective service to an adult in danger of physical or mental injury, neglect, maltreatment or exploitation.

12. There should be a requirement that states which make provision for homemaker-home health aide services to adults, children and families under the Title XX program establish or designate a state agency which shall be responsible for establishing and monitoring standards for such services which are in accord with recommended standards of national organizations concerned with standards for such services.

13. There should be a permanent provision allowing Title XX funds to be used for certain social services provided to alcoholics and drug addicts.

14. Title XX training funding should allow contracts with non-profit agencies, and include short-term training expenses and training of staff and volunteers serving in all capacities in provider agencies.

Member agencies: AFL-CIO, Department of Community Services; American Council for Nationalities Service; Boys' Clubs of America; Child Welfare League of America; Council of Jewish Federations, Inc.; Family Service association of America; Girl Scouts of the U.S.A.; Girls Clubs of America, Inc.; National Council for Homemaker-Home Health Aide Services; National Council of Jewish Women; United Neighborhood Centers of America; and Y.W.C.A. of the U.S.A., National Board.

Mr. CORMAN. That concludes today's witnesses and the subcommittee stands adjourned until Tuesday Morning, March 27, 1979, at 9:30 a.m.

The Chair announces that we will mark up these three matters on Wednesday, starting at 10 o'clock in the morning and will conclude our markup Wednesday. We appreciate the cooperation of everybody in that regard. The subcommittee stands adjourned until 9:30 a.m. Tuesday next.

[Whereupon, at 4:50 p.m., the subcommittee adjourned, to reconvene at 9:30 a.m., Tuesday, March 27, 1979.]

AMENDMENTS TO SOCIAL SERVICES, FOSTER CARE, AND CHILD WELFARE PROGRAMS

TUESDAY, MARCH 27, 1979

House of Representatives,
Subcommittee on Public Assistance
and Unemployment Compensation,
Committee on Ways and Means,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to notice, in room B-318, Rayburn House Office Building, Hon. James C. Corman (chairman of the subcommittee) presiding.

Mr. **Corman**. The Subcommittee on Public Assistance and Unemployment Compensation of the House Ways and Means Committee will come to order.

We have a rather long agenda and we will complete it today. There are receptions being held in the Ways and Means Committee room for President Sadat and Prime Minister Begin and we may recess briefly to attend or some members may remain so the hearing will be uninterupted. I want to reassure all of the witnesses that we will complete our agenda today.

We are sure it will be necessary to recess for lunch from 12 to 1 and, if necessary, we will recess for dinner from 6 until 7. We appreciate your coming to help us wend our way through this complex subject matter.

Our first witness is Congressman William Green from New York. Congressman, we are pleased to welcome you to the subcommittee and you may proceed. If you have a written statement that you would like to submit for the record and summarize, you may do so.

STATEMENT OF HON. S. WILLIAM GREEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. **Green**. I shall proceed in that fashion.

I appreciate this opportunity to testify on behalf of my bill, H. R. 1666, the Social Services Entitlement Amendments of 1979. This bill would increase the Federal ceiling on contributions to title XX social services programs and provide for the reallocation of unused funds from a State's allotment to States which need additional funds.

Representatives Alvin Baldus, John Buchanan, Matthew F. McHugh, Joel Pritchard, Nick Joe Rahall II, Benjamin S. Rosenthal, Martin Olav Sabo, John F. Seiberling, Bruce F. Vento, and Ted Weiss are cosponsors of this legislation. I would point to the broad political and geographic representation which they encompass.

Unless Congress acts, the Federal title XX ceiling will revert back to the $2.5 billion level for fiscal year 1980. The administration has requested that the ceiling be maintained at an overall level of $2.9 billion for fiscal 1980 and it is assuming in its budget projections that the Federal share of social services costs will be $2.850 billion in fiscal 1980.

The bill I have introduced, H. R. 1666, provides for a higher Federal ceiling than that sought by the administration. While I share the administration's concern that the ceiling should not be permitted to drop back to the $2.5 billion level, I believe that maintaining funding at the $2.9 billion level fails to account for rising social services costs. It clearly would preclude expansion of programs and would require existing programs to be cut back in the face of rising expenses.

My bill would restore the Federal ceiling increases scheduled under the Social Services Amendments of 1978. For fiscal 1980, the ceiling would be $3.15 billion rather than $2.9 billion, or $2.5 billion if Congress fails to act. The ceiling would rise to $3.45 billion in fiscal 1981. The $3.45 billion level would be preserved for the fiscal years after 1981 unless Congress elected to increase it.

In its budget for fiscal year 1980 the administration notes that the rate of inflation was over 9 percent during calendar year 1978. The rate of inflation projected for calendar year 1979 is 7.4 percent. To provide adequately for the impact of last year's increase in the Consumer Price Index, an increase of 10 percent could be added to the Federal title XX ceiling of $2.9 billion.

This would increase the ceiling to $3.19 billion for fiscal year 1980. Increasing that amount by the administration's 7.4-percent wage-price guideline would result in a fiscal year 1981 ceiling of $3.43 billion. I believe that the Fraser-Keys levels of $3.15 billion for fiscal year 1980 and $3.45 billion for fiscal year 1981 parallel these calculations and ought to be preserved in this year's social services legislation.

The bill I have introduced is not as comprehensive as the Social Services Amendments of 1978 which the subcommittee recommended last year. If the subcommittee decides to proceed with social services reform, certainly there are other provisions from that measure that the subcommittee again might determine ought to be passed by the House.

Several of the other bills being reviewed by the subcommittee on this occasion offer substantive changes in the title XX social services programs. My chief concern, however, and the objective of my legislation, is to increase the permanent Federal entitlement ceiling over at least 2 years. This is the reason that H.R. 1666 is entitled "Social Services Entitlement Amendments of 1979" rather than a more sweeping title such as "Social Services Amendments" or "Social Services Reform Act."

Last year's Fraser-Keys bill also was an uncomplicated proposal. Indeed my appearance here today represents a continuation of the Fraser-Keys effort to raise the Federal title XX ceiling. I strongly believe that we should not tarry at the $2.9 billion level. The increase to $2.9 billion was just the first phase of the Fraser-Keys measure, and I urge the subcommittee to follow through this year to implement the rest of the increases.

As the subcommittee knows, the Fraser-Keys ceiling increases were incorporated in H.R. 12973, the Social Services Amendments of 1978, which passed the House under suspension last year by a vote of 346 to 54. In the report accompanying that bill the full Committee on Ways and Means stated:

> The committee believes that these increases are essential to maintain the current level of social services provided under title XX and to allow for some expansion of certain essential services. Even with the temporary $200 million increase which has been in effect since October 1, 1976, because of inflation, title XX funds can only purchase three-fourths of what they bought in 1972 when the $2.5 billion (ceiling) on Federal funds was established. A number of States which have been at their ceiling for several years have been compelled to cut back important services.

At a minimum, I hope that the subcommittee will recommend an increase for fiscal year 1980. In the appendix to the budget, the administration says of its request to establish a fiscal year 1980 ceiling of $2.9 billion:

> This increase in the ceiling will accommodate the amounts which had previously been made available for child day care, and also will focus on assistance to areas of special need as emphasized in the President's urban initiatives.

As this statement indicates, the administration likes to view the $2.9 billion level as an increase. Technically, of course, the administration is correct. A permanent ceiling of $2.9 billion certainly is higher and more desirable than a permanent ceiling of $2.7 billion or $2.5 billion.

I prefer to regard the $2.9 billion requested for fiscal year 1980 as what it actually is—a continuation of the fiscal year 1979 temporary total level of $2.9 billion. Whether the permanent ceiling is set at $2.9 billion or it is set at $2.7 billion and $200 million is added for child day care services, the fact remains that the overall Federal entitlement ceiling for social services for fiscal 1979 was $2.9 billion and the administration wants it to be $2.9 billion for fiscal year 1980. It is euphemistic to call the $2.9 billion sought for fiscal year 1980 an increase.

Semantic tricks have no place in providing for the disadvantaged. A dollar, even one shrunken by inflation, still means just that at food counters and medical clinics. Cash registers are deaf to the new math, Presidential politics, or regional considerations.

In addition to not being an increase, continuation of the $2.9 billion ceiling will do little to restore the purchasing power which social services programs have lost as a result of rising costs' hitting the title XX ceiling.

Therefore, if the subcommittee is not disposed to recommend a multiyear increase in the entitlement ceiling, I would urge the subcommittee to support at least an increase for fiscal year 1980. I would suggest a level of $3.15 to $3.2 billion to allow for last year's increase in the CPI of over 9 percent.

I note that the full Ways and Means Committee has recommended to the Budget Committee an increase in the permanent Federal entitlement ceiling to $3.1 billion, including $200 million earmarked for child day care services and $16.1 million as an entitlement for the territories.

In addition, I am pleased that Chairman Corman's bill, H.R. 2724, incorporates this increase to the $3.1 billion level for fiscal year 1980 and provides that the ceiling for fiscal years after 1980 shall be 107 percent of the fiscal 1980 level, or $3.317 billion.

It is clear that more States are reaching or exceeding their Federal allotments under title XX. According to information I have received from the Department of Health, Education, and Welfare, as of December, 1978, 34 States had reached their fiscal year 1978 ceilings. HEW estimates that in fiscal year 1978 44 States will be at their ceilings and that in fiscal year 1980 45 States will reach their ceilings.

Against these projections I believe that the better course would be to provide for multiyear increases along the lines of H.R. 1666 or H.R. 2724. Enacting only a 1-year increase would guarantee that the States and those concerned about social services will be back here next year to request an increase for the following fiscal year. The uncertainties of this process would make it most difficult for States and local recipients of social services funding to plan their programs with confidence.

I would like to note briefly that section 3 of H.R. 1666 provides for the reallotment of title XX funds not expended by States out of their allotment. Unspent funds would be reallotted among States which reach their ceiling.

If the $2.9 billion ceiling is continued and if 44 or 45 States reach their ceilings in fiscal year 1979 and fiscal year 1980, as projected by HEW, there might not be much money left to reallot. Nevertheless I have included this reallotment provision in my bill to insure that any excess funds are fully utilized. The reallotment process would assume additional relevance if the Federal entitlement ceiling were to be raised.

In conclusion, I commend the subcommittee for its prompt consideration of title XX legislation in this session of the 96th Congress. I am pleased that the Ways and Means Committee has recommended to the Budget Committee an increase in the permanent Federal entitlement ceiling to $3.1 billion, including $200 million earmarked for child day care services and $16.1 million as an entitlement for the territories. I support the increase in the ceiling to $3.1 billion, as provided in Chairman Corman's bill, as an alternative to the $2.9 billion recommended by the administration.

However, I would urge the subcommittee to adopt the 2-year increases in the permanent ceiling contained in H.R. 1666 in order to accommodate last year's inflation rate in excess of 9 percent and to permit an increase over that amount which follows the administration's own 7.4-percent standard.

The committee was right last year when it reported these increases in H.R. 12973, and I hope it will do the same this year. The law should schedule these increases so that the States can plan their programs effectively to improve the quality of life in this country for senior citizens and for lower income individuals. Thank you, Mr. Chairman.

[The prepared statement follows:]

STATEMENT OF HON. S. WILLIAM GREEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. Chairman and Members of the Subcommittee, I appreciate this opportunity to testify on behalf of my bill, H.R. 1666, the Social Services Entitlement Amendments of 1979. This bill would increase the Federal ceiling on contributions to Title XX social services programs and provide for the reallocation of unused funds from a State's allotment to States which need additional funds.

Representatives Alvin Baldus, John Buchanan, Matthew F. McHugh, Joel Pritchard, Nick Joe Rahall II, Benjamin S. Rosenthal, Martin Olav Sabo, John F. Seiberling, Bruce F. Vento and Ted Weiss are cosponsors of this legislation.

I—BACKGROUND

During the 1960's, Federal spending on social services escalated sharply. Federal grants to the States for social services amounted to $194.3 million in fiscal year 1963. By fiscal 1968, the total was $346.7 million, and by fiscal 1970, it was $522.0 million. In fiscal 1971, Federal expenditures on social services hit $740.9 million, and in fiscal 1972 they topped the billion dollar mark at $1.688 billion.

Faced with fiscal year 1973 projections of Federal spending on social services of between $4.3 and $6.0 billion, Congress enacted a Federal social services expenditure ceiling of $2.5 billion. Passed as part of the General Revenue Sharing Act of 1972, the funds were allotted to States based on population.

In 1975, Congress enacted the Title XX social services program "to establish a consolidated program of Federal financial assistance to encourage provision of services by States." When this legislation, Public Law 93-647, went into effect, the 1972 ceiling of $2.5 billion was maintained for Federal funding. Public Law 94-401 added a temporary increase of $200 million, beginning in 1976, to provide special Federal support for child day care services.

While the Federal ceiling under Title XX has succeeded in containing Federal expenditures for social services, this fixed ceiling has made it virtually impossible for Federal social services spending to keep pace with inflation. In response, the Fraser-Keys bill, H.R. 10833, was introduced in the 95th Congress to raise the permanent Federal ceiling on Title XX expenditures on a multi-year basis. I was among the cosponsors of this legislation, which provided for an increase in the entitlement ceiling to $2.9 billion in fiscal 1979, $3.15 billion in fiscal 1980, and $3.45 billion in fiscal 1981 and in each succeeding fiscal year.

As the Subcommittee is aware, the ceiling increases provided in H.R. 10833 were incorporated in H.R. 12973, the Social Services Amendments of 1978. In the report to accompany H.R. 12973 (H. Rept. 95-1312), the full Committee on Ways and Means stated: "The Committee believes that these increases are essential to maintain the current level of social services provided under Title XX and to allow for some expansion of certain essential services. Even with the temporary $200 million increase which has been in effect since October 1, 1976, because of inflation, Title XX funds can only purchase three-fourths of what they bought in 1972 when the $2.5 billion (ceiling) on Federal funds was established. A number of States which have been at their ceiling for several years have been compelled to cut back important services."

The Social Services Amendments of 1978 passed the House under suspension on July 25, 1978, by a vote of 346 to 54. Notwithstanding this vote, a multi-year entitlement ceiling increase was not enacted by the 95th Congress. Instead, a one-year increase was included in the Revenue Act of 1978 (Public Law 95-600). The ceiling for fiscal 1979 was set at $2.9 billion; that is, $2.7 billion for the permanent ceiling plus $200 million for day care services. The Administration expects the total Federal share for Title XX social services to reach $2.818 billion in fiscal 1979.

II—THE NEED TO RAISE THE FEDERAL ENTITLEMENT CEILING

Unless Congress acts, the Federal Title XX ceiling will revert back to the $2.5 billion level for fiscal year 1980. The Administration is assuming in its budget projections that the ceiling will be maintained at an overall level of $2.9 billion for fiscal 1980. This is noted in the Appendix to the Budget for fiscal year 1980 at page 480: "In 1980, an authorization is requested which would raise the ceiling to $2.9 billion."

The Appendix also presents the Administration's assumption that the Federal share of social services costs will be $2.850 billion in fiscal 1980.

The bill I have introduced, H.R. 1666, provides for a higher Federal ceiling than that sought by the Administration. While I share the Administration's concern that the ceiling should not be permitted to drop back to the $2.5 billion level, I believe that maintaining funding at the $2.9 billion level fails to account for rising social services costs. It clearly would preclude expansion of programs and would require existing programs to be cut back in the face of rising expenses.

My bill would restore the Federal ceiling increases scheduled under the Social Services Amendments of 1978. For fiscal 1980, the ceiling would be $3.15 billion, rather than $2.9 billion—or $2.5 billion, if Congress fails to act. The ceiling would rise to $3.45 billion in fiscal 1981. The $3.45 billion level would be preserved for the fiscal years after 1981, unless Congress elected to increase it.

In its Budget for Fiscal Year 1980, the Administration notes that the rate of inflation was "over 9 percent" during calendar year 1978. The rate of inflation projected for calendar year 1979 is 7.4 percent. To accommodate adequately for the impact of last year's increase in the Consumer Price Index, an increase of 10 percent could be added to the Federal Title XX ceiling of $2.9 billion. This would increase the ceiling to $3.19 billion for fiscal 1980. Increasing that amount by the Administration's 7.4 percent wage-price guideline would result in a fiscal 1981 ceiling of $3.43 billion. I believe that the Fraser-Keys levels of $3.15 billion for fiscal 1980 and $3.45 billion for fiscal 1981 parallel these calculations and ought to be preserved in this year's social services legislation.

While it is fortunate that a one-year increased extension was enacted last year, multi-year increased funding should be a priority in this year's legislation. Such an approach to Title XX expenditures will permit States and local governments to plan more effectively and to budget with confidence of Federal support.

The bill I have introduced is not as comprehensive as the Social Services Amendments of 1978 which the Subcommittee recommended last year. If the Subcommittee decides to proceed with social services reform, certainly there are other provisions from that measure that the Subcommittee again might determine ought to be passed by the House.

Several of the other bills being reviewed by the Subcommittee on this occasion offer substantive changes in the Title XX social services programs. My chief concern, however, and the objective of my legislation, is to increase the permanent Federal entitlement ceiling over at least two years. This is the reason that H.R. 1666 is entitled the "Social Services Entitlement Amendments of 1979," rather than a more sweeping title, such as "Social Services Amendments" or "Social Services Reform Act."

Last year's Fraser-Keys bill also was an uncomplicated proposal. Indeed, my appearance here today represents a continuation of the Fraser-Keys effort to raise the Federal Title XX ceiling. I strongly believe that we should not tarry at the $2.9 billion level. The increase to $2.9 billion was just the first phase of the Fraser-Keys measure, and I urge the Subcommittee to follow through this year to implement the rest of the increases.

At a minimum, I hope that the Subcommittee will recommend an increase for fiscal year 1980. In the Appendix to the Budget, the Administration says of its request to establish a fiscal 1980 ceiling of $2.9 billion: "This increase in the ceiling will accommodate the amounts which had previously been made available for child day care, and also will focus on assistance to areas of special need as emphasized in the President's urban initiatives."

As this statement indicates, the Administration likes to view the $2.9 billion level as an increase. Technically, of course, the Administration is correct. A permanent ceiling of $2.9 billion certainly is higher and more desirable than a permanent ceiling of $2.7 billion or $2.5 billion.

I prefer to regard the $2.9 billion requested for fiscal year 1980 as what it actually is: a continuation of the fiscal year 1979 temporary total level of $2.9 billion. Whether the permanent ceiling is set at $2.9 billion or it is set at $2.7 billion and $200 million is added for child day care services, the fact remains that the overall Federal entitlement ceiling for social services for fiscal 1979 was $2.9 billion and the Administration wants it to be $2.9 billion for fiscal 1980. It is euphemistic to call the $2.9 billion sought for fiscal 1980 and "increase."

Semantic tricks have no place in providing for the disadvantaged. A dollar, even one shrunken by inflation, still means just that at foodcounters and medical clinics. Cash registers are deaf to the new math, Presidential politics or regional considerations.

In addition to not being an "increase," continuation of the $2.9 billion ceiling will do little to restore the purchasing power which social services programs have lost as a result of rising costs hitting the Title XX ceiling.

Therefore, if the Subcommittee is not disposed to recommend a multi-year increase in the entitlement ceiling, I would urge the Subcommittee to support at least an increase for fiscal year 1980. I would suggest a level of $3.15 to $3.2 billion, to allow for last year's increase in the C.P.I. of over 9 percent.

I note that the full Ways and Means Committee has recommended to the Budget Committee an increase in the permanent Federal entitlement ceiling to $3.1 billion, including $200 million earmarked for child day care services and $16.1 million as an entitlement for the Territories. In addition, I am pleased that Chairman Corman's bill, H.R. 2724, incorporates this increase to the $3.1 billion level for fiscal year

1980, and provides that the ceiling for fiscal years after 1980 shall be 107 percent of the fiscal 1980 level or $3.317 billion.

It is clear that more States are reaching or exceeding their Federal allotments under Title XX. According to information I have received from the Department of Health, Education and Welfare, as of December 1978, 34 States had reached their fiscal 1978 ceilings. For fiscal year 1979, HEW estimates that 44 States will be at their ceilings, and that 45 States will reach their ceilings in fiscal year 1980.

Against these projections, I believe that the better course would be to provide for multi-year increases, along the lines of H.R. 1666 or H.R. 2724. Enacting only a one-year increase would guarantee that the States and those concerned about social services will be back here next year to request an increase for the following fiscal year. The uncertainties of this process would make it most difficult for States and local recipients of social services funding to plan their programs with confidence.

III—REALLOTMENT PROVISIONS

Section 3 of H.R. 1666 provides for the reallotment of Title XX funds not expended by States out of their allotment. Unspent funds would be reallotted among States which reach their ceiling. Permit me to take a moment to explain how this procedure would be implemented.

Federal Title XX funding is distributed to the States on a population basis. The limitation applicable to each State for the fiscal year is fixed by HEW prior to the first day of the third month of the preceding fiscal year.

The Social Services Entitlement Amendments of 1979 would require that each State, prior to the commencement of the fiscal year, certify to HEW whether the amount of its limitation exceeds or is less than the amount needed by the State for the uses to which the limitation applies. States which thought they would reach or exceed their limitation, but which subsequently find that they will fall below the limitation, would certify this to HEW. In addition, States which fall short of their limitation by a greater amount than originally projected also would certify this to HEW. These excess funds would be available for reallotment.

After the present statutory allotments to the Territories, any additional funds would be eligible for reallotment to the States which had certified prior to the commencement of the fiscal year that their needs would be in excess of their limitations. The amount reallotted to any such State would bear the same ratio to the total amount available for this reallotment as the amount of the State's allotment bore to the total amount allotted to all States. No state could receive a reallotment which was greater than the difference between its original allotment and the amount it certified it would need.

As I have mentioned, if the $2.9 billion ceiling is continued and if 44 or 45 States reach their ceilings in fiscal 1979 and fiscal 1980 as projected by HEW, there might not be much money left to reallot after the allotment has been made for the Territories. Nevertheless, I have included this reallotment provision in my bill to insure that any excess funds are fully utilized. The reallotment process would assume additional relevance if the Federal entitlement ceiling were to be raised.

IV—CONCLUSION

In conclusion, I commend the Subcommittee for its prompt consideration of Title XX legislation in this session of the 96th Congress. I am pleased that the Ways and Means Committee has recommended to the Budget Committee an increase in the permanent Federal entitlement ceiling to $3.1 billion, including $200 million earmarked for child day care services and $16.1 million as an entitlement for the Territories. I support the increase in the ceiling to $3.1 billion, as provided in Chairman Corman's bill, as an alternative to the $2.9 billion recommended by the Administration.

However, I would urge the Subcommittee to adopt the two-year increases in the permanent ceiling contained in H.R. 1666, in order to accommodate last year's inflation rate in excess of 9 percent and to permit an increase over that amount which follows the Administration's own 7.4 percent standard. The Committee was right last year when it reported these increases in H.R. 12973, and I hope it will do the same this year. The law should schedule these increases so that the States can plan their programs effectively to improve the quality of life in this country for senior citizens and for lower-income individuals.

Mr. **CORMAN**. Thank you, Congressman. Your bill reflects your compassion and understanding for some the the public assistance issues we are concerned with and we will do whatever we can to resolve the problems you have addressed.

Mr. **Brodhead**. I thank you. I think it was an elegant statement and set forth the issues in great clarity. Thank you.

Mr. **Rangel**. Thank you, my fellow New Yorker. I knew you would know the problems we face. Thank you for your testimony.

Mr. Corrada, Resident Commissioner from Puerto Rico, one that has been very sensitive to the problems and contributed to our work, thank you for taking time out to share your views with us this morning. You will be accompanied by, I understand, Mr. Jenaro Collazo, secretary of social services of Puerto Rico. Welcome.

STATEMENT OF HON. BALTASAR CORRADA, RESIDENT COMMISSIONER FROM PUERTO RICO, ACCOMPANIED BY JENARO COLLAZO, SECRETARY OF SOCIAL SERVICES OF PUERTO RICO

Mr. **Corrada**. Thank you very much, Mr. Chairman, and members of the committee. I would request that my entire statement be included in the record of the hearings.

Mr. **Rangel**. Your full statement will be included in the record.

Mr. **Corrada**. I will summarize.

Mr. Chairman and members of the committee, we fully support H.R. 2724, Mr. Corman's bill, and I would like to address particularly the provisions in that bill that relate to Puerto Rico, Guam, and the Virgin Islands. There are two significant provisions there that I would urge the committee to authorize. You have already taken favorable action with respect to your requests to the Budget Committee because both items were included in your recommendations to the Budget Committee.

One is with reference to Puerto Rico and the territories having an entitlement or set-aside under title XX. As of now, what we receive is the residual funds, up to $16.1 million that may exist if the 50 States do not utilize their allocations. As a result of that just to give you and idea, Dr. Collazo was telling me that as of March 19, we still do not know whether or not there will be funds available for the offshore areas under title XX for fiscal year 1979.

We may receive up to $16.1 million but we don't know if we are going to receive anything at all. This bill, if enacted, would correct that situation by providing $16.1 million for the territories of which $15 million would be for Puerto Rico. This would allow us to be able to plan with those funds and really provide the services that are badly needed there.

Furthermore, the bill provides that if the level of funding for the entire title XX program for the entire Nation is increased over the current levels then there will be a proportionate increase over the $15 million entitlement as well as for the territories.

We urge the committee to authorize this.

The second item is an item of $78 million of which $72 million would go to Puerto Rico under the AFDC program. In Puerto Rico under AFDC program we not only have to take care of families with dependent children but also the aged, the blind, and the disabled that have to be taken care of under the old provisions of aid to the blind, aged, and the disabled.

As an aside that was adopted for the Nation but as you well know, SSI does not extend to Puerto Rico and the other territories.

Last year the House passed a bill extending SSI on a limited basis to Puerto Rico and the territories. Unfortunately that was part of H.R. 7200 which the Senate never reported to the Senate floor. However, there was a provision to increase the AFDC funds from the ceiling of $24 million to $72 million in the case of Puerto Rico. That provision was also part of H.R. 7200 and Senator Matsunaga in the Senate was able to offer that as an amendment to the tax cut bill to see if that provision could be saved and the Senate Finance Committee accepted it.

It was agreed to in Congress to increase AFDC funds to $72 million and to change the matching formula but this was done solely for fiscal 1979 which means that unless we authorize the $72 million for Puerto Rico and $6 million for the other territories, all the territories in this bill, then automatically we will revert back to the $24 million ceiling.

The change in the ceiling would only allow us to make public assistance payments of between $30 to $35 to the people in this category and with these cost of living in the island which exceeds by 12 percent the cost of living in Washington, D.C.

You can well see the amounts we are talking about are by itself insufficient to take care of the needs of these people, particularly if we bear in mind there is no SSI. This is what they get. So the urgency, the need in approving this legislation is great and of course, we urge the committee to authorize this while we continue our efforts perhaps for fiscal year 1980, to see if we can extend the SSI to Puerto Rico.

[The prepared statement follows:]

STATEMENT OF HON. BALTASAR CORRADA, RESIDENT COMMISSIONER OF PUERTO RICO

Mr. Chairman, members of the subcommittee, it is for me a pleasure to appear before you today in support of H.R. 2724, particularly those sections that pertain to increases in payments to Puerto Rico, and the territories.

As far as Puerto Rico is concerned, the bill provides for a continuation of the increase to $72 million in AFDC payments which was authorized for fiscal year 1979 under the Revenue Act of 1978, and for a set-aside of $15 million under Title XX. The bill also provides for a proportionate increase in the Title XX entitlement everytime the national ceiling is increased.

Mr. Chairman, for years, we the people of Puerto Rico have been struggling to pull-up from the poverty circle. We have made great strides through our own efforts to improve our economic and social conditions. Despite these efforts and assistance we have received from the United States Government, according to the 1970 census, 35.2 per cent of the families in Puerto Rico had incomes of less than $2,000 per year and the rate of unemployment stands at about 18 per cent, almost four times the acceptable rate of unemployment. A recent survey uncovered 62,000 families with no, or next to no income at all.

In combination, severe poverty and high unemployment have generated extensive public assistance needs in Puerto Rico. While our needs are big and resources very limited, we have not been fortunate in receiving appropriate treatment under various sections of the Social Security Act. Under the income maintenance provisions of the Act, Puerto Rico has a ceiling of $24 million with 50-50 matching. Puerto Rico is excluded from participating in Title XVI (SSI). We are also excluded from the Prouty program. The limits placed on Puerto Rico severely restrict benefits to those who because of their condition, be it age or physical impairment, are least able to help themselves.

Mr. Chairman, these ceilings and restrictions have created serious inequities in the benefits received by the U.S. citizens residing in Puerto Rico and other offshore territories. For example, although per capita income in Puerto Rico is less than 40 percent of the U.S. level and 60 percent of all families have incomes below the Federal poverty level, only about 13 percent of the population receives cash assistance due to funding limitations. Also, due to funding limitations, Puerto Rico pays only 40 percent of its AFDC need standard or about $14 per month. The Federal share of the AFDC grant is disproportionately low—$4.73 versus a U.S. average of $39 and the higher matching rates have been a burden to Puerto Rico given our limited fiscal capacity.

Except for fiscal year 1979, these ceilings have remained static since 1972, and if we take into consideration the high rate of inflation, we find that the real value of Federal payments have been reduced to less than 60 percent of the 1972 level.

Mr. Chairman, since there have been doubts expressed in some quarters regarding our ability to spend the additional $48 million authorized under AFDC for fiscal year 1979, I believe I should at this time explain to the Subcommittee what are our plans regarding the expenditure of these funds this fiscal year and in the future should the provision of H.R. 2724 become law.

I really cannot understand how can anyone say that a system that is paying recipients around $14.00 a month cannot utilize additional funds to increase those payments. The Secretary of Social Services of Puerto Rico has already submitted to HEW Region II a plan for the expenditure of these funds. Since at this time the $72 million allotment is only for fiscal year 1979 it was decided that until such time as the $72 million allotment was made permanent by future legislation, expenditures of additional funds would be made in the form of a "Special Needs Payment." The plan envisions three such payments of $65.00 during the year. Once the allotment is made permanent, a monthly increase in payment plan would go into effect.

At this time, we estimate that monthly payments per recipient would be increased to an average of $30.00 per month—still a very low sum if we consider the fact that cost of living in Puerto Rico is about 12 percent higher than in Washington, D.C., and if we further consider that these public assistance payments are not supplemental by the SSI, which, unfortunately, Congress has not yet extended to Puerto Rico. I urge you to maintain AFDC payments for fiscal year 1980 at the level authorized by Congress for fiscal year 1979. In the meantime, I will go ahead with other efforts to convince the Administration to support the extension of SSI to Puerto Rico and the territories as soon as possible.

We also request a special allotment of $15 million for Puerto Rico under Title XX, as it is only with this level of assistance that a meaningful service program can be properly planned and implemented.

The supply of indicated services under this title requires a great deal of planning and programming. However, the provisions of Section 2002(c)(d), do not facilitate the necessary planning contemplated under Section 2001 of Title XX. Funds allocated to Puerto Rico are on a residual basis. The method of allocation of funds delays information on available funds. It also reduces the time during which the funds can be spent. It increases the turnover of staff, and consequently, increases the cost of training and program administration. Therefore, we urge that a special allotment of $15 million Title XX funds for Puerto Rico be made, as this allotment will further the continuation of the expanded services.

I believe that it is important to emphasize that Puerto Rico's participation in Title XX under the special allotment will not result in the reduction of the allotment under this title to any state, since the $15 million allocation would be above and beyond any appropriation made for this title for distribution to the states under the legislated formula.

In President Carter's message to Governor Carlos Romero-Barcelo of Puerto Rico, on the occasion of the Governor's inauguration on January 2, 1977, the President expressed his commitment to the people of Puerto Rico in the following words: "Too long have some sectors of Washington approached Puerto Rico on a dividing "we and you" basis, forgetting that Puerto Rico is an island where over three million American citizens live. As President of the United States, you can be assured that I will be conscious of the needs of all American citizens wherever they may be."

The President also stated that: "The Constitution of the United States does not distinguish between citizens. We do not have in our country first and second class citizens."

Puerto Ricans, Mr. Chairman, particularly the poor, are treated as second class citizens under parts of the Social Security Act.

I hope, Mr. Chairman, that Congress, in its wisdom, will adopt this kind of attitude toward the U.S. citizens residing in Puerto Rico, particularly the poor, the elderly, and the disabled, people who by their circumstances look upon their government to provide them with adequate assistance to upgrade the quality of their lives.

Mr. Chairman, I urge my colleagues to support this legislation, parts of which are crucial to my constituents, particularly the most needy and helpless. Your support will be an act of Justice to these american citizens who need our assistance.

Mr. **Rangel.** Mr. Brodhead.

Mr. **Brodhead.** I want to thank our colleague for an elegant statement. I am very sympathetic to your point of view and assure you of my support.

Mr. **Corrada.** Thank you.

I would like to thank Mr. Brodhead and I state that I brought Dr. Collazo here. He is the secretary of social services. He is the man who has to spend the money. I asked him to come here just in case anybody had a doubt that we would have the capability of spending that money.

Someone in the administration once made the statement that we would not be able to utilize these funds. It is absolutely ridiculous. It is a mere question of giving to the same beneficiaries that have already been established, instead of $14 to $13 per month, $36 per month. If anybody can tell me that anyone receiving $36 per month of public assistance cannot use it sufficiently, then I think that these people just don't have an understanding of the basic realities of life.

Mr. **Rangel.** I think there is a clear lack of understanding because the argument that you presented to the committee today would show that you have to keep all of your plans under title XX in limbo and then the HEW will be the first one to criticize you if at the last minute you were not able to adequately plan for that.

On the other hand, once they give you money to distribute you have to worry that it might be cut back. I have never understood how we have been able to get away with treating citizens of the United States differently—and it is not based on climate—but I certainly do recognize the fight that you have presented here in the Congress to bring some equity into the system.

You just can't ask people to be equal in defending the United States and then, when trying to give assistance to the poor, provide different types of citizenship. As you know, this committee is more than sympathetic. We understand the problem and we will be working with you to try to arrive at an equitable solution.

Thank you for coming. The chairman of the committee is here.

Mr. **Corman.** Mr. Corrada, I want to thank you for the help you have given this subcommittee. You have made us more aware of the importance of legislating fairly for Puerto Rico.

We realize there are Americans there who have been discriminated against unfairly and unwisely and we are doing our best to remedy the situation.

Mr. **Corrada.** I want to thank the distinguished chairman and I want to tell you how much I appreciate that at 3 a.m., one Sunday morning when you had the Congress with the Senate on the tax reduction bill last year, you were able to agree to the $72 million provision for Puerto Rico and the other territories at the last minute and had it not been because of the persistance of the distinguished gentleman from California, we would not have had that last year and I am sure that hopefully we will be able to continue that for fiscal year 1980 under the terms of the bill that you introduced.

Mr. **Corman.** Next we have a panel of State legislators, Ms. Marshall, Senator Pizani, Assemblyman Howard Lasher, and Representative Paul McCarron. We welcome you.

Mr. Rangel.

Mr. **Rangel.** I would like to welcome Joe Pisani. I had the pleasure of serving with him in the New York State Assembly. Joe, you moved to the senate.

Mr. **Corman.** You may proceed.

STATEMENT OF MARY MARSHALL (DELEGATE, VIRGINIA GENERAL ASSEMBLY), CHAIRPERSON, HUMAN RESOURCE COMMITTEE, NATIONAL CONFERENCE OF STATE LEGISLATURES

Ms. **Marshall.** Thank you, Mr. Chairman, and members of the subcommittee for this opportunity to bring this panel before you. I clearly don't need to introduce them because you know them even perhaps better than I do.

My name is Mary Marshall. I am a delegate to the Virginia General Assembly from Arlington, and I am currently the chairperson of NCSL's Human Resources Committee.

At its last meeting in early March, the Human Resources Committee adopted a policy resolution supporting the need for improvements in the delivery of child welfare services, especially in light of the dedication of this year as the International Year of the Child.

The current system provides disincentives to both providing preventive services to a family before a child is forced to leave, and enabling adoption for neglected, homeless, and abused children who will likely be placed in foster care for extended periods. It has created a whole system of care out of a supposedly temporary situation—namely, foster care.

In our policy statement, we ask that any new program address these issues:

First, availability of preventive and supportive services to families whenever possible;

Second, coverage of children whether removed from the home voluntarily or through court action;

Third, aiding in the reuniting of children with their natural families whenever possible;

Fourth, placement in the least restrictive and most familiar setting possible;

Fifth, encouragement of the adoption of the children who might otherwise remain in foster care for extended periods;

Sixth, subsidizing low-income families who want to adopt children with special needs;

Seventh, requiring independent dispositional review; and

Eighth, consideration for States which have already incurred costs for such programs.

Let me make one statement regarding that last point. If a child is eligible for AFDC at the time he or she was removed from home, that child should be seen at the continuing responsibility of the Federal and State governments and thus eligible for support from both programs. This was a point of serious discussion among committee members, and H.R. 2684, introduced by Representative Downey speaks to this issue.

NCSL is very concerned about the costs of government programs—at any level. If we are addressing a change in policy in part because it is more cost effective, why isn't this action consist-

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ently recognized as cost effective and rewarded? Why not support all efforts that fall under this approach?

The administration is offering to cover any child placed according to the old standards—by the courts, or by the new standards—which no one can have exactly in place in the past. Why not a more sensible inclusion of those who simply are AFDC eligible at the time of placement, even if a State has chosen to contribute unilaterally to the child's benefit?

But I think you really want to hear from my colleagues from New York who came down, who are very knowledgeable and in this field, Senator Pisani and Assemblyman Lasher.

[The prepared statement follows:]

STATEMENT OF MARY MARSHALL, CHAIRPERSON, HUMAN RESOURCES COMMITTEE, NATIONAL CONFERENCE OF STATE LEGISLATURES

Mr. Chairman and members of the subcommittee, Thank you for this opportunity to bring a panel of State Legislators before you today to discuss two programs of great importance to the Human Resources Committee of the National Conference of State Legislatures.

My name is Mary Marshall and I am a Delegate to the Virginia General Assembly from Arlington, and I am currently the Chairperson of NCSL's Human Resources Committee.

At its last meeting in early March, the Human Resources Committee adopted a policy resolution supporting the need for improvements in the delivery of child welfare services, especially in light of the dedication of this year as the International Year of the Child. The current system provides disincentives to both providing preventive services to a family before a child is forced to leave, and enabling adoption for neglected, homeless and abused children who will likely be placed in foster care for extended periods. It has created a whole system of care out of a supposedly temporary situation—namely, foster fare.

In our policy statement, we ask that any new program address these issues:

1. Availability of preventive and supportive services to families whenever possible:
2. Coverage of children whether removed from the home voluntarily or through court action:
3. Aiding in the reuniting of children with their natural families whenever possible;
4. Placement in the least restrictive and most familiar setting possible;
5. Encouragement of the adoption of children who might otherwise remain in foster care for extended periods;
6. Subsidizing low-income families who want to adopt children and subsidizing families that want to adopt children with special needs;
7. Requiring independent dispositional review; and
8. Consideration for States which have already incurred costs for such programs.

Let me make one statement regarding that last point. If a child was eligible for AFDC at the time he or she was removed from home, that child should be seen as the continuing responsibility of the Federal and State governments and thus eligible for support from both programs. This was a point of serious discussion among committee members, and H.R. 2684, introduced by Representative Downey, speaks to this issue. NCSL is very concerned about the costs of government programs—at any level. If we are addressing a change in policy in part because it is more cost-effective, why isn't this action consistently recognized as cost-effective and rewarded? Why not support all efforts that fall under this approach?

The administration is offering to cover any child placed according to the old standards—by the courts, or by the new standards—which no one can have exactly in place in the past. Why not a more sensible inclusion of those who simply are AFDC eligible at the time of placement, even if a State has chosen to contribute unilaterally to that child's benefit?

That's all the time I want to take on this subject. I thank my colleagues from New York, Senator Joseph Pisani and Assemblyman Howard Lasher, who were willing to spend several hours of preparation and travel to be here today to explain both their outstanding State program and their concerns about any new Federal program.

The second major program on today's agenda is the Title XX program. In a November 28th, 1978 memo to James McIntyre of the Office of Management and the Budget, and again in NCSL's review of the President's 1980 budget, we spoke of the desire for greater opportunities for consolidating grants in a manner similar to the Title XX program. This example was used to emphasize our satisfaction with the program. Yet here we are faced with a budget proposal which would increase a number of categorical programs while this exemplary program is left to face a full inflationary loss.

Since this program does serve a large cross-section of individuals, it hasn't the organized advocates who shout out in its favor. That is a major reason why NCSL has chosen once again to declare to the Congress the need for at least constant dollar funding for the Title XX program. It is a most effective approach to intergovernmental cooperation in meeting the needs of the less fortunate. The block grant consolidation has given States the opportunity to mix their service programs to best meet the needs of their residents.

I would like to thank Rep. Paul McCarron for agreeing to take time out from his duties at the Minnesota House to explain the proposal he has developed for a strong legislative role in the allocation of Title XX funds, and to comment on specific proposed legislation before the Subcommittee.

STATEMENT OF JOSEPH R. PISANI, NEW YORK STATE SENATE (CHAIRMAN, NEW YORK TEMPORARY COMMISSION ON CHILD WELFARE), ON BEHALF OF THE NATIONAL CONFERENCE OF STATE LEGISLATURES

Mr. PISANI. Congressman Corman and members of the subcommittee, I want to thank you for the opportunity to appear today with my colleague Assemblyman Howard Lasher, and give my views, as chairman of New York State's Temporary State Commission on Child Welfare and his as chairman of the Assembly Child Care Committee, in the hope that our experience will be useful to you and the members of the subcommittee in reviewing the bills now before you.

I am appearing here, as you know, at the suggestion of the National Conference of State Legislatures which has an understandable interest in the outcome of your deliberations.

As a member of the New York State Legislature—now in my 14th year in Albany—my interest in the subject of foster care, adoption, and preventive services is of long standing. I have seen and been a part of legislative actions that have radically altered the statutes of our State with respect to these subjects.

In fact, I can say very truthfully that these laws have changed so dramatically during the last 14 years that they would be almost unrecognized today to an observer who knew them then.

But, Mr. Chairman, while laws can be changed with relative ease, given leadership and popular support, attitudes and philosophies change more slowly. So it is with child welfare in my State—and, is suspect, in 49 others. What have we done?

New York has changed its laws so as to encourage shorter and more beneficial stays in foster care. They have had a good effect in many individual cases.

New York has changed its laws to simplify the termination of parental rights in appropriate cases. Any hopelessly moribund relationships have been terminated as a result.

New York has taken legislative steps to facilitate and promote adoptions and to subsidize adoptions for severely handicapped children and for poor prospective adoptive parents. Many such adoptions have, in fact, taken place since that time.

New York has adopted legislation and made appropriations increasing the availability of preventive services in order to avert, or shorten, or prevent the recurrence of, foster care by treating problems where they lie, in the home. And many families that would otherwise have been separated are now together.

New York, in short, is a leader in terms of legislation enacted over the last decade to reform our child welfare system. Given the problems—many of the rather unique—of a child welfare system which evolved from a mixture of voluntary and public effort over a period of three centuries, New York compares favorably with most of its sister States, and our legislative record is without parallel.

But these comforting facts cannot mask the reality that institutional and personal attitudes in the child welfare field and changing characteristics in the child welfare population have, despite our efforts, produced longer average stays in foster care for the population as a whole, a decrease in the total number of children adopted and the widespread unavailability of preventive services at the times and places when they are most needed.

In New York State, our child welfare system is profoundly dysfunctional. It is badly coordinated. It is poorely trained, poorely managed and inadequately monitored. It has been up to now taken as a whole, despite our lawmaking unresponsive to studies and exhortations and either unwilling or unable to comply effectively with the spirit of the laws which our legislature has enacted, I must report to you, although I see major movement for it this year.

The Temporary Commission on Child Welfare has reluctantly concluded that, while more funds for preventive services are a vital ingredient in the reforms which we now proposed to accomplish through legislation, we must also invoke the certainty of severe financial sanctions reliable, consistent monitoring and the credible threat of abolition of those agencies and programs which fail to perform their duties to a satisfactory standard.

All of these ingredients will be contained in the Child Welfare Reform Act of 1979 which Assemblyman Howard Lasher and I will be introducing within the next 2 weeks. In other words, Mr. Chairman, we are going to use, along with the traditional carrot, an untraditional stick.

Perhaps this sounds harsh. It is harsh. But it is not as harsh as an entire childhood spent needlessly in the impermanence of foster care. It is not as harsh as the final, legal dissolution of a family which, with proper assistance, might have been saved. And it is not too harsh for a system which prompted the following observation from one of its most outstanding individual participants in New York City, Sister Mary Paul:

> Some trained observers have come to question whether numbers of children now in foster care and the kinds of care offered them may not be largely a function of spaces available rather than the empirical reflections of the needs of the children and families.

So much for preamble, now I would like to make a few observations, based on our New York experience, on the most important particulars of the bills that are before this subcommittee.

One key subject is the question of capping or limiting Federal commitments of Federal dollars for foster care. I agree 100 percent with the philosophy of those who advocate capping. Foster care has to be curbed, and the industry has made clear—in New York, at least—that it won't curb itself.

But the problem with capping is a practical one. Capping does not afford protection against the effects of inflation—especially double-digit inflation.

Capping also disregards fluctuations in the caseload. It would permit per capital spending on a declining caseload but it would compel inadequate spending per child in a rising caseload.

It is all well and good for the Federal Government to adopt caps, but at the local level, your caps cannot affect the conditions that cause the intake of children into foster care. They will simply leave the State and/or local governments holding the bag, making State and local fiscal problems even worse.

The administration proposal, I understand, attempts to make allowances in its formula for inflation to meet this obvious objection. While it recognizes the problem, I feel it is rather simple approach failes to address it adequately.

The practical answer to the problem that capping seeks to address, I believe, is much less easy than capping but much more promising. That answer is cutting the foster care caseload.

How? Basically in three general ways—all of which are addressed in the bills under consideration. They collectively attack the foster care problem itself; they do not—like capping—take the King Canute approach, ordering the child welfare population to stand still.

One of these ways is the provision of what is generally called preventive services: Effective help to a child or family before the child enters foster care; help to the family during the foster care period so the child can go home sooner; and help after the child's return from foster care to prevent a reoccurrence.

Let us remember that, while we tend to talk about the child in foster care—and the foster care industry likes that exclusive focus on the child—we must talk about the child in the context of the child's family. Two recent studies in my State indicated that only 20 percent of foster-care situations were caused by child centered problems. The other 80 percent were home and parent centered problems which would continue to fester and probably grow worse even if we spent an unlimited sum on the child in foster care.

Preventive services, Mr. Chairman, saves a lot of money, and it saves a lot of families. You don't have to take my word for it. Before the present Child Welfare Commission was created, the Legislature of New York, at my request, approved the so-called 911 Project named for chapter 911 of the laws of 1973—which, over a 2-year period, demonstrated in three dissimilar areas of New York State that preventive services, provided even as late as the brink of foster care would still, in most cases, preserve families which were otherwise doomed to separation.

This was the conclusion reached by the Child Welfare League of America which supervised the entire process. They established not only that preventive services worked but that they worked at a fraction of the cost of foster care. The 911 experience, of course, was one of many which reached the same result.

But, if we are going to make preventive services available to children and families with entry into the limbo of foster care, you in Congress are going to have to revise present funding arrangements. Right now, you subsidize foster care for most children in foster care. But, except incidentally, you do not subsidize the provision of preventive services.

The result is that both Washington and the States are wasting taxpayers money. You pay a heavy share of our high foster-care costs. But we go it alone on our lower preventive services costs and therefore end up spending more money. You are paying us to do the wrong thing, and providing us with fiscal disincentives to do the right thing. I am sure that this was not the considered intent of Congress.

I am glad to note that the bills before you would change that direction, but I oppose limiting Federal allocations for preventive services, which I interpret to be the consequence of these bills. Federal participation here, as for foster care maintenance, should be on an open ended basis.

In case after case, in New York and elsewhere, we have learned that preventive services provide a healthier and cheaper alternative to foster care in a high percentage of cases. Yet, right now, in New York State, preventive services projects that are working are being phased out because local matching funds are not available. No local government ever thinks of phasing out foster care—not only because foster care services are needed—but because foster care comes with that big Federal match.

Our second general way of reducing foster care and its costs, Mr. Chairman, comes under the important heading of adoption services: Freeing children for adoption when they have no reasonable chance of returning to their natural homes; aggressively seeking out adoptive homes for the children so freed; and subsidizing the adoption—where justified and necessary—so that the new parents can maintain a decent standard of home life while absorbing a new family member. New York was the first State in the Nation to enact adoption subsidies.

I take some satisfaction in saying that two of my commission's most fruitful studies were carried out in this area. One of them funded by the way, under title IV-B—Barriers to the Freeing of Children for Adoption—was completed in 1976 with the adoption of legislation simplifying the process of severing parental rights in those cases where it was clearly called for.

A second, completed in 1977, called for broad-scale improvement in the delivery of adoption services—training, home finding, counseling, et cetera—to find homes for the children so freed. That study titled "Incentive to Adoptive Placement," led to enactment of legislation for the broadening of New York's program of adoption subsidies to desirable and eligible low income families.

I brought along with me, Mr. Chairman, a complete set of reports that we are formulated by the Temporary State Commission on Child Welfare. I am going to tender them to you for perhaps inclusion in your library or review by your staff people.

Mr. Corman. They will be made part of our file.

Mr. Pisani. My colleague, Assemblyman Howard Lasher, the chairman of the New York State Assembly's Committee on Child Care is developing and promoting our common objectives in the adoption area.

More than that, he is recognized as a leader in Albany in the development and enactment of many different reforms in the child welfare field.

We have worked together as a team, and I am proud to have him join me in presenting our observations and recommendations here today. He will continue our discussion on adoptions and address our third major point—foster care accountability.

Assemblyman, Howard Lasher, my colleague.

Mr. LASHER. Mr. Chairman, Members of Congress, I have a prepared text for you which I think you are all very capable of reading. I think I would just like to point out some observations and let you get on.

Mr. CORMAN. Without objection, your full statement will be made a part of the record.

STATEMENT OF HOWARD L. LASHER, ASSEMBLYMAN, NEW YORK STATE ASSEMBLY (CHAIRMAN, COMMITTEE ON CHILD CARE) ON BEHALF OF THE NATIONAL CONFERENCE OF STATE LEGISLATURES

Mr. LASHER. There are a number of observations I would like to make, one of them being which Joe stated before, and I think it needs reiteration. The methods and methodologies, I think, of yesteryear do not work any more. It is up to Congress to really begin to look at new ideas and new systems.

The traditional values and traditional roles of voluntary agencies and the method of caring for children no longer exist. We are dealing with phenomena and social beings we never had before. We have a million children of divorced parents out there whom we never had before.

In the State of New York at any one given time we have 40,000 children in foster care, 20,000 coming in, in any one given year and another 40,000 children out there as runaways. In the State of New York we are talking about a population of 80,000 children separated from their parents at any one given time. The numbers are staggering.

New approaches are needed. We have to get back into the basis of the family. I think we should take a hard and fast look at the family, which is disintegrating. What we have known as a father and mother and family unit no longer exists. The old approaches we had don't work.

We have to begin to place and get government behind those programs that begin to work. The working programs need money to keep the family together, money to support services.

We no longer live in an age of simple technology; ours is advanced technology. We are running away with ourselves. The stresses and strains are tearing apart the fabric of our society. Mothers and fathers cannot cope today with the types of pressures that they have. We must get in and help that family. If we help that family, I believe that in the State of New York that population in the foster care field will diminish.

We will be saving overall millions of dollars. We spend $300 million in foster care in New York. Between all the funding we have, Federal Government, State, local, city match. We do not have the dollars anymore. By inflation and methodology, much of the local moneys which were able to be used for these types of programs just do not exist. By inflation in the tax rates—much of the money goes to the Federal Government. We in the State and local, city, do not have the dollars for innovative programs.

We have to follow the lead that the Congress makes. If Congress says we are going to put dollars in preventive service and adoption subsidies, the States will follow suit. We have attempted to follow the runaway program. We had a commitment for $2 million. We set forth a model act which was a runaway act which set forth homes for the homeless youth.

This year the money is just not in the budget. Just a piddling portion has been put in These are the types of things we have to talk about. I would like to talk about just perhaps in scope and in detail a little bit of what we have now found to be a developing item with respect to the way we view foster care in the State of New York and that is that the traditional values I talked about before just will not work any more. We have formed a bill which if the committee would like we can give you a draft of, what we are working on at the present time and that is very careful case-by-case studies to force the agencies now to toe the line.

We have found in many cases many times there is no real preparation. We have now set up an overall review procedure. We are delineating feature by feature what voluntary agencies must do for children. We are attempting to front load it to say that we in the State of New York are putting our emphasis on preventive service.

Preventive service is the way to go to keep the child in the family. It is a miniscule amount as compared to foster care. We have set up a review procedure whereby if in fact children fall out of the norm and the agency is keeping them too long—I might add in the State of New York the average time that a child spends in foster care is 5.4 years which is just an astronomical figure.

If you start multiplying 5.4 years time the number of 40,000 times the number of dollars it costs to keep in foster care, you can see what types of figures we are talking about.

We are also talking about going to the other end of the spectrum because if you provide full service for a child you have to get them out of foster care and into adoption. We look to the Federal Government for assistance both on the front and back end.

You are there on foster care. It perpetuates a system of foster care and we would like your help on the front and back ends. We will implement it. We have a new computer system to monitor every child every step along the way, but we need your help with the preventive service aspect of it. It is about time that Congress said let us do what is best for the children. Let us reexamine, and as for capping, I agree with Joe, it will not work. It is something that is not going to be in the best interest of the child. Believe me, we in the State of New York would like to save as many dollars as we can in foster care and out of foster care.

I do not care how much money you open end for us in foster care, we will try to keep it down as much as we can.

There is one other provision that makes no sense. That was the 6-month review. Within the bills that I have come across, you are asking for 6-month review as we have an 18-month review now in New York State.

If we have a 6-month review with all the requirements you have put in the bill, not figuring everybody, legal counsel and traditional administrations, the family courts in the State of New York are just going to be so overburdened this would be all they would be doing.

Now, they are at their capacity. The 6-month review, administrative or judicial, which you have within the bill now must go. It just makes no sense. We have a full system that will be tracking everybody from inception to ends. We will be making sure they have the 3-month, 6-month, 9-month plans. They will be trapped and if they do not meet the plans in the State of New York under the bill, we have proposed there will be disincentives and they will be cut off from funding, no if's, but's, or maybe's. Everybody will be spelled out in the bill, item by item, as to what they must do.

We are tracking the rules and regulations both Federal, State, and the rules of the department of social services, in order to make sure that everything is complied with by the voluntary agencies.

So, instead of going on and on, all I say to you, Mr. Chairman and committee, is that we have to look at new methods and look at new modes. The old ways will not work any more. They make no sense for us. They are perpetuating what has become costly and outmoded and not good for the children.

I think that I agree that in this the International Year of the Child, it is time we really looked to what benefits the children rather than what benefits the system.

Thank you.

Mr. Rangel. Thank you. I think all of you should be congratulated for the interest and compassion you bring to the problem children face, but it certainly is not a very attractive political issue.

In our assistance subsidy for adoptive kids, do we means test the family? I notice in your testimony you mentioned low-income families. Is it really restricted?

Mr. Pisani. When we first limited, relimited to foster parents—we did the first bill when you were in the assembly with me. Then we broadened it to all adoptions, but there is means test attached to it. The only place where there is not a means test is where there is a specific subsidy for specific handicapped problems to induce adoption of handicapped children.

That is a special section of the law which I passed 5 years ago, giving essential adoption subsidy to those who meet the needs test.

The means test is too low. We have raised it and we remember the fact it cost less to the taxpayer to increase the subsidy for adoption than to pay the full total load of foster care.

If you have people getting foster care reimbursement they are not going to impoverish themselves and deprive the rest of their families in order to adopt a child when they can keep that child in their home—virtually de facto adoption, if you will—and get foster care subsidy.

[The prepared statement follows:]

Statement of Howard L. Lasher, Assemblyman, New York State Legislator (Chairman, Committee on Child Care) on Behalf of the National Conference of State Legislatures

Responding to the growing needs and problems of our children, the New York State Assembly in 1975 formed the Committee on Child Care, of which I am chairman. We have been fortunate in having research and recommendations from the Temporary State Commission on Child Welfare, which Senator Pisani heads.

Until 1976, our state made limited efforts to encourage adoption for its children in foster care. Without proper reimbursement for adoption services, agencies did not provide them.

We know now that we can build new families, by adoption, even for the children that the child welfare system seemed to write off as unadoptable. Like other preventive services, adoption services have demonstrated that very few children indeed cannot find permanent homes.

We needed adoption services and adoption subsidies, especially to find homes for the "hard to place"—children of minority races, handicapped, older, sibling groups.

New York found it necessary to mandate such services as training, home finding, counseling and aftercare. We provided a state adoption book, with picture listing of every child who had remained in foster care for six months after being freed for adoption.

Subsidies were crucial, especially for the children who most needed homes. The parents most likely to adopt these special children—and who are perhaps the families most appropriate for many of them—are predominantly lower income families.

Increasingly the word "subsidy" is a risky one to use to the prospective donor, even perhaps in Congress. But our subsidies are much lower than our foster care costs. Most are limited to the standing board rate we paid to a foster family—we save the almost equal amount that goes to an authorized agency to handle the case. We do pay medical costs for hard-to-place children in adoption, as we do in foster care.

This means substantial savings to the taxpayer, but even more important savings to the child. For the first time, for many children, adoption offers permanence and stability in homes of their own.

Our savings are larger than would be provided by some proposals before you. If I understand them correctly, subsidies could exceed actual foster care maintenance costs.

Unfortunately, the federal government has made adoption subsidies disadvantageous to the states and therefore to the child care agencies. I am glad that you propose to correct the situation, but would caution against capping federal commitments in this area of the highest priority. No federal policy should encourage a state, and an agency, to make the wrong decision for a child only for dollar savings.

New York State is also tackling the issue of "accountability"—making the child care system responsive to the needs of each particular child and his or her family, a system which is child effective and cost effective.

It is immensely satisfying to know that your legislative proposals also reflect this approach for all children in foster care, whether or not they were placed voluntarily. They would condition continued federal aid to the states upon their compliance with rigorous new management criteria.

For example, we fully endorse the 18-month judicial review of foster care placements. This concept, which Senator Pisani introduced successfully in our 1970 Legislature, has made a significant and positive impact on agency efforts in finding permanent homes.

I would caution that proposals for a six-month judicial or administrative review, with notice to all parties and other legal trappings seem extremely cumbersome and capable of defeating the legislative intent.

Even our 18-month reviews have aroused some criticism for diverting caseworker time from service, to preparing for the review. A formal review twice a year might indeed hurt rather than help the services needed to unite a child with the biological family or with an adoptive family.

We are just now developing a significant legislative initiative, called the Child Welfare Reform Act of 1979, to stress accountability. It will provide for a responsible evaluation of service needs, pre-placement services and rigorous case planning, under realistic, time-limited goals.

Compliance with the judicial review and other legal mandates, as well as new standards for utilization review, would all be preconditions for state aid. We are going even farther, setting standards under which a noncomplying child care agency could be put out of business because it would not receive state funds.

The tool that will make this enforcement possible is our new Child Care Review Service, a computerized foster care management information system to track agencies' actions for children in their care.

I see that our approach—building on New York State's unique administrative and statutory accountability structure—is emulated in the proposals you are considering.

One point of departure between our approaches, however, is significant.

Our legislation does not only "lay down the law" to the state's child care system, requiring full accountability for foster care, it also requires a comprehensive review and case management from the time a child enters the system. We are determined that preventive and adoption services will succeed. We must avoid the same mistakes in providing alternative services as we did in funding foster care.

Senator Pisani and I have summarized the achievements and objectives of the Child Welfare Commission and the Assembly Child Care Committee, and our work at present.

We find satisfaction in knowing that the proposals before your subcommittee embody some reforms which we have pioneered.

In the final analysis, Congress will determine whether federal policies will help us or hinder us. If Congress decided to subsidize only the outmoded and unproductive foster care system, our efforts may be largely unavailing. The system would continue to reward governments and therefore agencies, for keeping children away from their families and discourage a child's right to a permanent home.

If you will join us in mandating and rewarding preventive and adoption services, and reinforce our commitment to strong measures of accountability, all fifty states can create a good life for society's most disadvantaged members—abused children, handicapped children, poor children.

This will exemplify constructive federal-state partnership toward a single objective.

Senator Pisani and I thank you for inviting us to this hearing, and for listening to our presentations. We both welcome any questions you may wish to ask us.

Mr. **Rangel**. That is one of the problems we have with this bill we are working on, which imposes a cap at 200 percent of State median income as well as a 3-percent ceiling on the amount of title XX funds that could be used for training.

It just appears that Congress attempts to penalize those States that have the most progressive records.

Mr. **Pisani**. Basically, I think it is a question of recognizing the dynamics of the problem. The foster care problem is changing every day because the needs of the population are changing. The characteristics of the foster care population are changing every day.

I am thrilled to be here today to talk on these issues because really the first time that Congress has come to grips with some of the effective programs and methodology to prevent foster care and deliver service to children and save children and save families.

What I am quarreling with is that I think some of your mechanisms are not going to accomplish the goals that I think you and I share. Perhaps this kind of enlightenment will help you restructure your financing mechanisms.

Mr. **Rangel**. Our mechanisms were all right until they got to the administration. It is what we got back that is giving us difficulties.

Mr. **Lasher**. It leaves out 100 percent total and completely preventive services.

I received a copy today of the administration's bill which was to have been printed up last night with their proposal and the thing it does leave out is 100 percent preventive services.

It just does not exist. I think being from the State of New York the formula they use with respect to reimbursement is kind of haphazard reimbursement formula, squaring the median income and then running anywhere from 50 to 83 percent. I do not want to tell you what that does to the State of New York. That is another portion found in the bill.

Mr. **Pisani**. Preventive services, No. 1 depends on your priorities. One saving money. No. 2, but even more importantly humanistically, we can save kids. Whereas you are willing to spend money to put kids in foster care that traumatizes children at the outset and perhaps lessens or eliminates the opportunities for them to go back into their families, and helps destroy families. It costs more. You are willing to pay and share in that enormous cost and all we are asking you to do is to reestablish those priorities and evaluate these new programs.

Preventive services is a new concept and I think we have to recognize it is a valid concept. It has been tried and tested and it works and I tell my colleagues on both sides of the aisle, depending on what their priorities are, if you want to save kids, this will do it.

The other—you want to save money—this will do it, too. It is a very interesting program. It is the first time in social services I can go before my colleagues and say: "I have an effective social service program that does not cost more money, that will, in fact, save money."

Mr. **Rangel**. How will you handle basic welfare grants?

Mr. Downey.

Mr. **Pisani**. I will consider that a rhetorical question.

Mr. **Downey**. I want to say, Mr. Chairman, I am really proud of the State senator and the assemblyman for the testimony they have given today. I think it highlights some of the things we have been saying, and if Charlie Rangel and I were the ones to write the bill, obviously New York would do rather well.

Mr. **Lasher**. I am sure you would be fair to everybody.

Mr. **Downey**. That is true. One of the things I want to ask you about are some of the dollar amounts that are in the bill, so possibly you could address yourselves to what impact, if any, they will have. My understanding is under 4(b) basically New York will get approximately an additional $4 million for child welfare services. What will that do for our State?

Mr. **Lasher**. $4 million is almost like a drop in the bucket. We are talking about—let us talk realistic figures—we are talking about a $300 million child welfare system, just on the foster care end of it. Place $4 million next to that figure and really where are you going? We are talking about for all different programs. We are not talking about for one program.

When you talk about preventive service, we just put out a runaway grant last year. That was the first bill and the initial appropriation was $750,000. It was supposed to be increased to $2 million this year. We already have $3.75 million in proposals. What is $4 million in this type of project? We applaud it. We need every penny we can get, but it is like a drop in the bucket. You are asking us to do all sorts of things with $4 million, all sorts of service to provide for children and we are asking you for the dollars.

I would like to say while you are on it, you have proposed a bill in Congress which we have applauded very strongly and we hope you will continue the fine work.

Mr. **Downey**. Thank you. In other words, what you are saying is the $4 million we are giving you and the requirements we are also making of you will leave our State on the short end of the stick?

Mr. **Pisani**. No question about it. $4 million nowhere approaches the problem. It is like giving us a piece of dry toast when we are famished. Some of the concepts in this bill are, unless we deliver preventive service we might be precluded from getting foster care moneys. In other words, you will say you give us all the money we need for foster care, but limit us to $4 million in order to accomplish the condition precedent and that is delivery of preventive service and it no way can possibly approach the problem.

We need substantially more and it will save money in the end. I can emphasize that more strongly.

Mr. **Lasher**. Let me add, part of that $4 million, the requirement is the 6-month review I talked about.

Mr. **Pisani**. Howard suggested to you it will cost a lot of money, the 6-month review. I created the first review in child welfare; 392 of our law. It was a 24-month review called the Pisani review. We have it to 18 months. All our foster care cases today must be judicially approved under the social service law so there is a court review initially.

We have a requirement for plans, 3-month, 6-month, 9-month plans. We have all the safeguards that I think will preclude the necessity of the very expensive and time-consuming 6-month reviews.

I would suggest if you want to require us to do something, require us to give preventive service, give us the money it would cost us to do 6-month reviews and we might be talking about something.

Mr. **Downey**. Let me ask you about the 75-25 match on welfare service. Is your concern about the delivery of welfare service? Aside from the fact that we are going to be requiring you to do more, would 100 percent straight Federal share be better for your State than 25 percent match? That is a rhetorical question, but I would like you to address the whole question of the formula 75-25.

Mr. **Pisani**. How do you accommodate local match with your 100 percent? There isn't any.

Mr. **Downey**. I am interested in the fact you are going to have an increased financial burden.

Mr. **Pisani**. I do not know—naturally, if you give us 100 percent we will take it. We would utilize it, but I do not know whether or not it is realistic.

Mr. **Downey**. It was in the original Broadhead bill. The child welfare service provision would not have been a match; it would have been a straight 100 percent.

Mr. **Pisani**. One hundred percent with what kind of cap? In other words, if you give us 100 percent and you give us only $4 million, theoretically forget it. We would rather take 75-25 or 50 percent if you give us $50 million. The percentage means nothing. It is the bottom line. How much money will we effectively get to deliver the kinds of service programs that you yourself and your legislation have recognized to be the necessity.

Mr. **Downey**. I think in fairness, Senator Pisani, I am not asking the question as clearly as I might. The cap—and I have been confused about this—is on the 4(a) money and there is an outright limit on the authorization for the 4(b) which the administration folds into what they call 4(e).

What I was getting at was the fact that, with the 25-percent cap, you have problems. I wanted you to say that it was the State that has to put up more money and that makes it harder, but I will answer my own question.

Mr. **Pisani**. I accept your answer.

Mr. **Downey**. Senator, on page 4 of your statement, you say that all the ingredients will be contained in Child Welfare Reform Act of 1979, which you have introduced. You say you are going to use, along with the traditional carrot, the untraditional stick. Could you tell us a little about that?

Mr. **Pisani**. Regarding to have included in child welfare system for the first time sanctions for failing to do those things that you are required to do by law; namely, filing of a plan, the 358(a), an appearance of 392 visitation. The bottom end of that stick is a total case monitoring and if the overall performance of an agency is substandard, a decertification of agencies.

In other words, we are telling agencies that you have got to perform. No longer will we tolerate your taking children and warehousing them. You have to deliver services to them and if you do not deliver services to them, we will attach penalities by depriving you of reimbursement and aid which we feel is something completely new in the child welfare system and we are also including, as I said, utilization review borrowing from the health services concept of utilization review and implanting it with modification in the child welfare field.

Mr. **Lasher**. I have copies of a draft which we have prepared. Hopefully, it will be preliminary to the joint efforts in the joint bill, that you would like.

Mr. **Downey**. I would like the joint draft entered in the record, if we could.

Mr. **Rangel**. It is so ordered.

[The draft follows:]

NEW YORK STATE ASSEMBLY,
COMMITTEE ON CHILD CARE,
Albany, N.Y., March [illegible], 1979.

To: Child care organizations and agencies.

FROM: Assemblyman Howard L. Lasher, Chairman, Assembly Committee on Child Care.

SUBJECT: Proposal for permanency planning for children.

I ask your comments on the enclosed draft of a bill that will be a landmark in the child care system of New York State.

The bill stresses long-term financial investments in permanence and preventive services for children, along with staff training, accountability and case management in operating care programs.

Our committee and its staff have worked to reconcile two problems: to improve child care while recognizing a public mandate to use public funds effectively.

I know you will share my enthusiasm in developing a comprehensive overhaul of these most important procedures.

An Act to amend the social services law, in relation to permanency planning for children and their families, the provision of preventive services to avoid foster care, the establishment of a case management system and to repeal paragraph (m) of subdivision six of section three hundred ninety-eight and subdivision five of section three hundred seventy-two-c of the social services law relating to the provision of preventive services and to the statewide adoption service, respectively.

PURPOSE OF BILL

To delineate a state policy of providing permanent homes for children who are currently in foster care or at high risk of entering foster care. This policy will be established by a new emphasis on preventive services to maintain family relationships and reunite families whenever possible; renewed emphasis on accountability within the foster care system to insure that the needs of the children in care are appropriately met; and changes in adoption services in order to provide adoptive homes for those children who need them.

SUMMARY OF PROVISIONS

Adds a new Title 4 to Article 6 of the Social Services Law to provide for permanency planning for children. This new title requires local districts to conduct a diagnostic assessment for each child who is an applicant for foster care and develop an appropriate goal-oriented permanency plan for that child. The new title also defines preventive services as those supportive and rehabilitative services provided according to the permenency plan to avert the need for foster care. These services will initially be funded at an enriched state match of 60 percent with an additional 15 percent match provided when the child remains out of care for 6 months. (This enriched formula will increase to 75 percent with 12½ percent additional upon the completion of stage II of the Child Care Review Service) This title also provides for training of child care workers to promote permanency for children, and codifies heretofore regulatory requirements for case management and standards of administration for foster care.

Adds a new § 153-d of the Social Service Law to limit reimbursement for foster care to those agencies that are in compliance with statutory requirements relating to case management and adoption services.

Amends § 358-a and 358-b Social Service Law to conform with new § 153-d. Amends section 372-c to clearly delineate under what circumstances a child shall not be referred to the Statewide Adoption Service..

Adds new § 372-e Social Services Law to require authorized agencies to set uniform standards for reviewing and accepting adoptive parents and provides an appeal process for persons whose application for acceptance as adoptive parents has been denied.

Amends § 383 Social Service Law to shorten from 2 years to 18 months the time required before foster parents can apply for adoption of a foster child or act, as a matter of right, as an interested party in any proceeding to determine the custody of such foster child.

Adds new § 387 Social Services Law to authorize the Commissioner of Social Services to develop standards to determine when an authorized agency or one or more of its programs is ineligible to receive public foster care or preventive services funds.

Adds new § 398-b Social Service Law to provide for permenency planning review. This section requires a review by state department of Social Services Review teams to insure that services provided to children by the permenency plans are appropriate and that adequate and diligent efforts are being made to provide permanent and stable home environments for children. The review teams may review on a sampling basis except in those cases where over 10 percent of the case records reviewed show inappropriate care, then all cases shall be reviewed.

JUSTIFICATION

Foster care services in this state were developed to provide temporary care for children who were awaiting adoptive placement or because of a problematic family situation were unable to be with their families. Since it's beginning, foster care has grown into a $320 million a year industry. The average length of stay in care for all children is 4.74 years. For those children who have been in care more than 2 years the average length of stay escalates to 8.48 years. Furthermore, both district and agency management and individual caseworker performance are erratic. For instance, a 1977 audit by the N.Y.C. Comptroller found that no plans whatsoever had been established for more than 30 percent of the children in care and in only 21 percent of the cases was agency effort for finding a permanent home deemed appropriate.

The problems of the foster care system have been exacerbated by a lack of incentives to local district to provide preventive services which may in some cases avert the need for foster care. Also, adequate utilization of adoption services is of prime importance in planning for permanency for many children.

This bill addresses these problems in a comprehensive manner. The bill redefines preventive services and places their provision within an enriched funding formula. The bill delineates clearly standards for planning and caring for children with the goal of permanent homes whenever possible. Furthermore, the bill holds districts accountable for meeting these standards or suffer loss of reimbursement.

The adoption of this legislation into law will mean an affirmation of state policy to provide for the best interests of the state's most vulnerable children by emphasizing planning for permanent homes for them.

FISCAL IMPLICATIONS

Decreases in levels of foster care caseload and types of services provided are anticipated which will offset any increase in enriched state reimbursement for preventive services.

EFFECTIVE DATE

October 1st after enactment for providing enriched funding for preventive and permanency planning services. April 1, 1980 for establishment of mechanism for accountability. State review and limitations of reimbursement for inappropriate foster care and agency performance.

AN ACT to amend the social services law, in relation to permanency planning for children and their families, the provision of preventive services to avoid foster care, the establishment of a case management system, and to repeal paragraph (m) of subdivision six of section three hundred ninety-eight and subdivision five of section three hundred seventy-two-c of the social services law relating to the provision of preventive services and to the statewide adoption service, respectively

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Legislative findings and declaration of purpose. The legislature hereby finds and declares that the public policy of this state is to encourage the preservation of the family and to have a permanent home for every child, whenever appropriate. The legislature further finds that many children placed in foster care could be reunited with their families or with adoptive families if appropriate supportive or rehabilitative services are provided to alleviate family problems or to encourage and promote adoptions. Such alternatives are less expensive than the burgeoning cost of foster care.

It is the purpose of this legislation to make preventive services available to children and their families where such services will avoid the necessity for care away from their homes. It is further recognized that the state's child care system must be refined to effectively evaluate family problems and plan appropriate time limited and effective casework methods to achieve these goals. In addition, there must be accountability in both human and fiscal terms with respect to government's obligation to meet the needs of all its citizens.

§ 2. Article six of the social services law is hereby amended by adding thereto a new title four to read as follows:

TITLE 4—PERMANENCY PLANNING FOR CHILDREN

Sec.
409. Definitions.
409-a. Case management.
409-b. Preventive services; provision by social services officials.
409-c. Preventive services; reimbursement.
409-d. Training of child care workers.
409-e. Standards of administration.

Section 409. Definitions. When used in this article and unless the specific context indicates otherwise:

1. "Uniform Case Record" means an accurate case record for each child for whom an application to a Social Services district for foster care, as defined in section three hundred ninety-two of this chapter, is pending. Such record shall include but not be limited to the findings of the diagnostic assessment, the permanency service plan,

official documents, and other essential data relating to the birth, religion, medical history and finances of such child. Such record shall be made in a uniform manner and in a form to be determined by the department.

2. "Diagnostic Assessment" shall mean a comprehensive evaluation of the psychological, physical, social, educational and environmental factors which affect the child and the family, which shall include, but not necessarily be limited to:

(a) the specific and immediate problems which appear to require placement

(b) the underlying relationship patterns within the family

(c) the strengths in the child and his family

(d) the possibilities for stabilizing the family situation in order to obviate the need for placement

(e) identification of the assistance or services, which, if provided, could reasonably be expected to obviate the need for placement

(f) an estimate of whether the preferred services or assistance are available, and how they can best be provided

(g) an alternative plan if the preferred assistance or services cannot be provided

(h) an estimate of the amount of time required to ameliorate the conditions leading to the need for placement

(i) a determination as to whether the child can be left with the family in reasonable safety while efforts are made to correct the problem

(j) if placement is necessary, a statement as to the kind of placement indicated and how it is to be accomplished

(k) names and dates of all contacts with the child or his family.

3. "Permanency Service Plan" shall mean a plan based upon the diagnostic assessment for service to the child and his family, which shall outline immediate action to be taken and completed at the conclusion of the diagnostic assessment; with additional goals and appropriate changes recorded as they occur, including at least a semi-annual review and evaluation. Such plan shall describe, but not be limited to:

(a) Special, time-limited realistic goals. Short-term goals shall be established for no more than a three-month period. Intermediate goals shall be established involving tasks and activities which can be expected to be achieved within a six-month period. Long-term goals shall be established at least by the end of one year. Planned actions to be taken to meet each goal shall be outlined.

(b) Identification of the services required by both the child and his family. Such services shall include but not be limited to:

(1) Services to promote visitation and other forms of contact with family members, unless there are compelling reasons why such visits are not possible;

(2) Counseling services to strengthen family relationships; and

(3) Frequent contact between the child and caseworker to determine the child's reaction to separation from his family, his adjustment to foster care placements, and to assess, monitor and provide for the service needs of the child.

(c) Description of the methods by which the needed services are to be provided.

4. "Preventive Services" shall mean appropriate supportive and rehabilitative services provided pursuant to the permanency service plan to avert the inappropriate placement of a child in foster care, or to enable a child who has been placed in foster care to return to his family or permanent placement in an adoptive home at an earlier time than would otherwise be possible.

§ 409-a. Case Management.

1. Where an application to a social services official for foster care, as defined in section three hundred ninety-two of this chapter, is pending, the social services official shall cause a diagnostic assessment to be prepared within a period of thirty days prior to the placement of the child in foster care, unless the social services district reasonably believes that the child's health, safety or welfare is endangered by not providing such placement. The local social services official shall also cause a uniform case record and a permanency service plan to be prepared with respect to such child.

2. Within a period of thirty days, the social services official, in order to enable the family to remain together by obviating the need for foster care, shall provide each family with:

(a) a full explanation of foster care services, including the respective obligations of parents and agencies;

(b) information about other services or assistance which may be alternatives to placement;

(c) assistance in applying for services for which they are eligible, and ascertaining whether those services are being provided;

(d) counseling; and

(e) referral for and help in obtaining assistance and services from other agencies and other units within the local department.

3. Upon completion of the diagnostic assessment as required by this section, the social services official shall require the parent, guardian or person to whom the care of a child has been entrusted to reappear at the agency to determine the appropriateness and acceptability of implementing preventive services for the child.

4. Where a parent, guardian or a person to whom a parent has entrusted the care of the child, consents to retain custody of the child, the agency shall provide appropriate, supportive and rehabilative services pursuant to the preliminary plan agreed to by the person retaining custody. For the purposes of this article when a preliminary plan is agreed to by the person retaining custody such plan shall be deemed the permanency service plan for the child.

5. Where the parent, guardian, or person to whom a parent has entrusted the care of the child withholds the consent necessary under this section, the agency shall assume custody of the child pursuant to provisions of section three hundred eighty-four-a of this Chapter and prepare a permanency service plan which shall explicitly state any preconditions for the return of the child to the person executing the instrument transferring care and custody.

6. All activity with respect to such child from the time of application until a decision is reached accepting a child in foster care or other service, or such other assistance has been completed, shall be documented and recorded in the child's uniform case record. The case record shall also set forth the specific steps which are taken to implement the permanency service plan and document all services provided to the child and his family to achieve the goals established by such plan.

7. A discharge service plan shall be developed when it is determined that within the next six months a child will be leaving his current foster care placement. The discharge plan shall include services to be provided prior to and following discharge and how they are to be provided. Implementation of the discharge service plan shall begin prior to the time of discharge with interviews with the child, his family, and other individuals or agencies involved in the plan, identify possible problems, evaluate the readiness of all parties to participate in the plan, and arrange for the services identified. The case record shall also detail all activity with respect to a discharge service plan.

§ 409-b. Preventive services; provision by Social Services districts.

1. A Social Services official shall provide preventive services to a child and his family when such child is the subject of an application for foster care services and based upon a permanency service plan, it is reasonable to believe that by providing such services the child will be able to remain with his family or when a child is currently in foster care and that there is reason to believe that the provision of these services will enable the child to return to his family or to be adopted.

2. Preventive services may be provided directly by the Social Services official or through purchase of service in accordance with rules and regulations promulgated by the department.

§ 409-c. Preventive services; reimbursement.

1. Expenditures made by social services officials for preventive services pursuant to the provisions of this title shall be subject to reimbursement by the state, in accordance with regulations of the department, as follows: there shall be paid to each social services district (a) the amount of federal funds, if any, properly received or to be received on account of such expenditures and (b) 60 per centum of allowable expenditures for preventive services provided pursuant to sections four hundred nine-b after first deducting therefrom any federal funds properly received or to be received on account thereof subject to the provisions of subdivision three of this section.

2. In addition to the sums payable pursuant to subdivision one hereof the State shall pay to each social service district a sum of fifteen per centum of the allowable expenditures for preventive services after first deducting therefrom any federal funds properly received or to be received on account thereof provided such social services district can demonstrate and document to the department that the client remained free from foster care for a period of six months continuously after an application for foster care for such child had been made subject to the provisions of subdivision three of this section.

3. Upon certification by the department and the director of the division of the budget to the speaker of the Assembly and the majority leader of the Senate prior to April first of the year that stage two of the child care review service as provided by section four hundred forty-two of this chapter has been implemented for a period of six months:

(a) the amount of state reimbursement provided by paragraph (b) of subdivision one thereof shall be increased to seventy-five percent, and

(b) the amount of additional state reimbursement provided by subdivision two hereof shall be twelve and one-half percent.

§ 409-d Training of Child Care Workers.

1. Within the amount appropriated therefor including all federal reimbursement to be received on account thereof, the department shall implement a plan for the adequate training of caseworkers, supervisors and administrators providing child welfare services. Such training shall include but not be limited to:

(a) Permanence casework: casework methodologies focused on activities designed to shorten the length of stay in care for those children who can be returned home or freed for adoption;

(b) Development of skills to reinforce family efforts to reunite.

(c) Development of skills to prepare for court processes necessary in foster care and adoption.

(d) Developing case management skills including planning for permanency for each child in care.

2. The department shall report to the legislature no later than April first, Nineteen hundred eighty, and annually thereafter, of its efforts to achieve the adequate training of child welfare workers and its plan for implementation of such training.

§ 409-e. Standards of Administration.

1. The commissioner may develop and adopt standards, by regulations, to further the provisions of this title. Such regulations shall be developed in consultation with public and voluntary authorized agencies, citizens groups and concerned individuals and organizations which regulations shall not take effect for at least ninety days following the filing of such regulations with the Secretary of State.

2. The regulations developed and adopted pursuant to subdivision one, and any amendments thereto, shall be deemed null and void if the legislature by resolution disapproves such regulations or amendments within ninety days from the date the legislature is notified of the adoption or amendment of the regulations pursuant to section one hundred one of the executive law.

§ 3. Such law is hereby amended by adding thereto a new section, to be section one hundred fifty-three-d, to read as follows:

§ 153-d. Additional limitations on reimbursement for foster care.

1. Expenditures by a social services district for the care and maintenance of a child outside his own home, and the administration thereof, shall not be subject to reimbursement by the state, pursuant to section one hundred fifty-three of this chapter, when:

(a) the child's foster care status has not been the subject of a timely petition in accordance with the requirements of section three hundred ninety-two of this chapter, or an order of disposition made pursuant to subdivision seven of section three hundred ninety-two has not been implemented within the time fixed in such order for compliance therewith;

(b) the district has failed to comply with the provisions of title four of Article six of this chapter requiring permanency planning;

(c) the district has failed to refer the child to the statewide adoption service in accordance with the requirements of section three hundred seventy-two-c of this chapter; or

(d) the instrument by which the child was placed in foster care has not been the subject of a timely petition for judicial approval pursuant to the provisions of section three hundred fifty-eight-a of this chapter.

2.(a) The department shall not deny state reimbursement to a social services district for the provision of foster care or preventive services for a child, pursuant to the provisions of this section, until written notice is given to the commissioner of the social services district affected and to the other authorized agency, the chairman or president of its board of directors and its chief executive officer, if any, which agency may be providing foster care for the child on behalf of such district.

(b) Expenditures shall continue to be ineligible for reimbursement pursuant to subdivision one of this section until such time as the district complies with the statutory requirements and regulations set forth in subdivision one; provided however, that upon compliance by the district with such statutory requirements and regulations, such district shall not be entitled to state reimbursement for foster care or preventive services for any period prior to the date the district so complied.

3. A determination by the department denying reimbursement to a social services district for the provision of foster care or preventive services for a child, pursuant to

the provisions of this section, shall not relieve such district, or any authorized agency from which the district has purchased foster care, from its statutory or contractual obligations to continue to provide foster care for the child or other children in its care.

4.(a) The department by regulation shall require all social services districts which purchase foster care from other authorized agencies to charge any loss of reimbursement pursuant to this section to such agencies to the extent that such loss is attributable to such agencies. Every agreement by a social services district to purchase foster care from another authorized agency shall be deemed to include the provisions of this section.

(b) Any authorized agency aggrieved by the determination of a social service district to charge loss of reimbursement, pursuant to paragraph (a) of this subdivision, may appeal to the department which shall hold a fair hearing thereon in accordance with the provisions of this chapter relating to fair hearings.

§ 4. Subdivision one of section three hundred fifty-eight-a of such law, as amended by chapter seventy-eight of the laws of nineteen hundred seventy-eight, is hereby amended to read as follows:

1. Initiation of judicial proceeding. A social services official who accepts or proposes to accept the custody and guardianship of a child by means of an instrument executed pursuant to the provisions of section three hundred eighty-four of this chapter, or the care and custody of a child as a public charge by means of an instrument executed pursuant to the provisions of section three hundred eighty-four-a of this chapter, and the division for youth which accepts or proposes to accept a child for placement in one of its facilities by means of an instrument pursuant to section five hundred two of the executive law, shall determine whether such child is likely to remain in the care of such official or division for a period in excess of thirty consecutive days. If such official or division determines that the child is likely to remain in care for a period in excess of thirty consecutive days, such official or division shall petition the family court judge of the county or city in which the social services official has his office, or in which the parent or gaurdian of a child placed with the division resides, to approve such instrument upon a determination that the placement of the child is in the best interest of the child and that it would be contrary to the welfare of the child for him to continue in his own home. In the case of a child whose care and custody have been transferred to a social services official by means of an instrument executed pursuant to the provisions of section three hundred eighty-four-a of this chapter, approval of the instrument shall only be made upon an additional determination that all the requirements of such section have been satisfied. The social services official or division for youth shall initiate the proceeding by filing the petition as soon as practicable, but in no event later than thirty days following removal of the child from the home provided, however, that the court shall receive, hear and determine petitions filed later than thirty days following removal of the child from his home, but state reimbursement to the social services district for care and maintenance provided to such child [may] *shall* be [withheld or] denied pursuant to section [three hundred fifty-eight-b and subdivisions three and four of section twenty] *one hundred fifty-three-d* of this chapter. The social services official or division for youth shall dilignetly pursue such proceeding. Where the care and custody of a child as a public charge has been transferred to a social services official by means of an instrument executed pursuant to the provisions of section three hundred eighty-four-a of this chapter, or where the division for youth has accepted a child for placement in one of its facilities by means of an instrument of thirty days or less or for an indeterminate period which such official or division deems unlikely to exceed thirty days and thereafter such official or division determines that such child will remain in his or its care and custody for a period in excess of thirty days, such official or division shall, as soon as practicable but in no event later than thirty days following such determination, execute with the child's parent, parents or guardian a new instrument pursuant to the provision of section three hundred eighty-four or three hundred eighty-four-a of this chapter or section five hundred two of the executive law, as may be appropriate, and shall file a petition in family court, pursuant to this section, for approval of such instrument. In such cases involving a social services official, expenditures for the care and maintenance of such child from the date of the intial transfer of his care and custody to the social services official shall be subject to state reimbursement, notwithstanding the provisions of section one hundred fifty-three-d of this chapter.

§ 5. Section three hundred fifty-eight-b of such law, as amended by chapter seven hundred ten of the laws of nineteen hundred seventy-five, is hereby amended to read as follows:

[The provisions of subdivisions three and four of section twenty of this chapter shall be applicable to state reimbursement for expenditures for the care and maintenance of dependent children placed in foster care on and after September first, nineteen hundred seventy-three, pursuant to the provisions of section three hundred fifty-eight-a of this chapter.] In the event that a petition for approval of an instrument and the transfer of the custody and guardianship or care and custody of a child is filed within thirty days following removal of the child from his home and diligently pursued pursuant to section three hundred fifty-eight-a of this chapter, state reimbursement shall not be [withheld or] denied pursuant to section one hundred fifty-three-d of this chapter, for expenditures made by a social services district for the care and maintenance of such a child away from his home prior to denial of such petition by a family court judge solely by reason of such denial.

§ 6. Subdivision four of section three hundred seventy-two-c of such law, as renumbered and amended by chapter eight hundred thirty-six of the laws of Nineteen hundred seventy-six, is hereby amended to read as follows:

4. Each authorized agency shall refer to the adoption service accompanied by a photograph and description, as shall be required by departmental regulations, each child in its care who has been legally freed for adoption and who has been in foster care for the period specified in subdivision one of this section and for whom no adoptive home has been found. [The department shall establish criteria by which an agency may determine that a child name not be listed on the service.] If a child is currently in a hospital or similar setting and his continuing need for such professional care will not permit placement in a family setting, or if the child is fourteen years or older and will not consent to an adoption plan, such child need not be listed on the service. Such children's names shall be forwarded to the department by the authorized agency, with reference to the specific reason by which the child was not placed on the service. The department shall establish procedures for periodic review of the status of such children. If the department [in accordance with the criteria it has established,] determines that adoption would be appropriate for a child not placed with the service, the agency shall forthwith list the child. Each authorized agency may voluntarily refer any child who has been legally freed for adoption.

§ 7. Subdivision five of section three hundred seventy-two-c of such law, as renumbered and amended by chapter eight hundred thirty-six of the laws of nineteen hundred seventy-six, is hereby REPEALED.

§ 8. Such law is amended by adding a new section three hundred seventy-two-e to read as follows:

§ 372-e. Adoption applications; appeals.

1. An authorized agency shall keep a record of applications received from persons seeking to become adoptive parents including all actions taken on such applications.

2. The department shall promulgate regulations setting forth standards and procedures to be followed by authorized agencies in evaluating persons who have applied to such agencies for the adoption of a child. Such regulations shall also restrict the evaluation process so as not to unnecessarily duplicate previous investigations which may have been made of the adoptive applicant in the context of a prior adoption application or an application for licensure or certification to board children.

3. Upon an authorized agency's denial of an application or upon its failure to act on such application within six months of its submission, the authorized agency shall, on such applicant's request, furnish the applicant with a written statement setting forth its reason for the denial of or its failure to act on the application.

4. Any person whose application has been denied or has not been acted upon by an authorized agency within six months may within thirty days of such agency's action or failure to act, request a hearing from the department, which shall afford such applicant an opportunity to be heard thereon within thirty days of the request therefor. The department shall consider whether the action taken by the agency conforms to the standards and procedures set forth pursuant to the provisions of this section and may, based on its consideration of the facts presented at such hearing, order such agency to reconsider the application. The department shall render its decision within thirty days after the hearing is completed. If the agency continues to fail to comply with such standards and procedures, the department may suspend its approval of such agency.

§ 9. Subdivision three of section three hundred eighty-three of such law, as added by chapter ten hundred eighty of the laws of nineteen hundred sixty-nine, the second undesignated paragraph as amended by chapter six hundred forty-six of the laws of nineteen hundred seventy-two, is amended to read as follows:

3. Any adult husband and his adult wife and any adult unmarried person, who, as foster parent or parents, have cared for a child continuously for a period of [two

years] *eighteen months* or more, may apply to such authorized agency for the placement of said child with them for the purpose of adoption, and if said child is eligible for adoption, the agency shall give preference and first consideration to their application over all other applications for adoption placements. However, final determination of the propriety of said adoption of such foster child shall be within the sole discretion of the court, as otherwise provided herein.

Foster parents having had continuous care of a child, for more than [twenty-four] *eighteen* months, through an authorized agency, shall be permitted as a matter of right, as an interested party to intervene in any proceeding involving the custody of the child. Such intervention may be made anonymously or in the true name of said foster parents.

§ 10. Such law is hereby amended by adding thereto a new section three hundred eighty-seven, to read as follows:

§ 387. Public foster care or preventive services funds; ineligibility.

1. The state commissioner of social services shall develop and adopt standards, by regulations, pursuant to which the commissioner will determine that an authorized agency, or one or more of its programs or facilities is ineligible to receive public foster care or preventive services funds. Such standards shall include the following:

(a) lack of public need, including but not limited to geographic or programmatic need, for the agency or one or more of its programs or facilities;

(b) failure of the agency to promote the placement of children in permanent family homes through return to the children's own families or through adoption, or other appropriate objectives for children, as measured by such factors as length of stay in foster care for children with similar personal and family characteristics; and

(c) a pattern or practice or repeated violation of the provisions of this chapter or of the regulations of the department promulgated thereunder which have occasioned the denial of reimbursement pursuant to section one hundred fifty-three-d or three hundred ninety-eight-b of this chapter.

Such regulations shall be developed in consultation with public and voluntary authorized agencies, citizens groups and concerned individuals and organizations which regulations shall not take effect for at least 90 days following the filing of such regulations with the secretary of state.

2. The regulations developed and adopted pursuant to subdivision one, and any amendments thereto, shall be deemed null and void if the legislature by resolution disapproves such regulations or amendments within ninety days from the date the legislature is notified of the adoption or amendment of the regulations pursuant to section one hundred one-a of the executive law.

3. A determination of ineligibility to receive public foster care funds shall be made upon a finding of substantial noncompliance with one or more of the standards developed and adopted pursuant to subdivision one of this section. Such finding and determination shall be made in accordance with the hearing procedures set forth in section four hundred sixty-d of this chapter relating to the revocation, suspension or limiting of operating certificates.

4. A determination of ineligibility to receive public foster care or preventive services funds shall specify whether it applies to the agency generally or to a particular program or facility of the agency.

5. A social services official shall not purchase foster care from any authorized agency, or program or facility thereof, which has been determined to be ineligible to receive public foster care funds in accordance with the provisions of this section. Any contract between a social services district and an authorized agency shall be deemed null and void to the extent that it is inconsistent with the provisions of this subdivision.

6. The commissioner shall report forthwith in writing, to the governor, the temporary president of the senate and the speaker of the assembly with respect to each case in which a determination of ineligibility to receive public foster care funds has been made pursuant to this section. Such report shall contain the name of the agency and the reason or reasons for the determination of ineligibility.

§ 11. Paragraph (m) of subdivision six of section three hundred ninety-eight of such law is hereby REPEALED.

§ 12. Such law is hereby amended by adding thereto a new section, to be section three hundred ninety-eight-b, to read as follows:

§ 398-b. Permanency Planning Review.

1. The state commissioner of social services shall develop and adopt standards, by regulation, pursuant to which the commissioner will determine whether:

(a) social services officials are complying with the provisions of Title four of Article six of this chapter relating to proper case management of children for whom an application for foster care as defined in section three hundred ninety-two of this chapter is pending and permanency planning for such children;

(b) the types and levels of services provided is appropriate to the child's personal and family circumstances;

(c) adequate and dilligent efforts, where appropriate, are being made to find a permanent and stable family situation, whether it be with the child's own family or an adoptive home; and

(d) sufficient documentation in the uniform case record of the steps taken to accomplish the permanency service plan has been made by the agency implementing such plan.

Such regulations shall be developed in consultation with public and voluntary authorized agencies, citizens groups and concerned individuals and organizations which shall not take effect for at least ninety days following the filing of such regulations with the Secretary of State.

2. The regulations developed and adopted pursuant to subdivision one, and any amendments thereto, shall be deemed null and void if the legislature by resolution disapproves such regulations or amendments within ninety days from the date the legislature is notified of the adoption or amendment of the regulations pursuant to section one hundred one-a of the executive law.

3. Expenditures by a social services district for the care or preventive services for a child and the administration thereof, shall not be subject to reimbursement by the state, pursuant to section one hundred fifty-three of this chapter, when the provision of such care violates the standards developed and adopted pursuant to subdivision one of this section.

4. A determination by the department denying reimbursement to a social services district for the provision of care or preventive services for a child, pursuant to the provisions of this section, shall not relieve such district, or any authorized agency from which the district has purchased foster care, from its statutory or contractual obligations to continue to provide foster care for the child or other children in its care.

5. (a) The department by regulation shall require all social services districts which purchase care or preventive services from other authorized agencies to charge any loss of reimbursement pursuant to this section to such agencies to the extent such loss is attributable to such agencies. Every agreement by a social services district to purchase care, or preventive services from another authorized agency shall be deemed to include the provisions of this section.

(b) Any authorized agency aggrieved by the determination of a social service district to charge loss of reimbursement, pursuant to paragraph (a) of this subdivision, may appeal to the department which shall hold a fair hearing thereon in accordance with the provisions of this chapter relating to fair hearings.

6. (a) Upon the adoption of permanency review standards in accordance with subdivision one of this section, the department shall establish special review teams whose purpose and duty shall be to review individual uniform case records for every child receiving care or preventive services and other relevant data and information compiled or kept by the state child care review service established pursuant to section four hundred forty-two of this chapter, social services districts and the authorized agencies from which such districts may purchase care or preventive services, to determine whether such care or preventive services have been provided in accordance with such standards. If the review team finds that the provision of such care or preventive services is in violation of such standards, it shall report that fact to the commissioner who shall deny reimbursement thereon in accordance with the provisions of this section. Review teams may sample at random the uniform case records of such authorized agencies; provided however, when greater than ten per cent of the cases reviewed are determined to be inappropriately caring for the needs of the child, a full review of the agency's caseload shall be conducted.

(b) The results and findings of the review undertaken pursuant to paragraph (a) of this subdivision shall be contained in a report, a copy of which shall be provided to the social services district and to the other authorized agency, the chairman or president of its board of directors and its chief executive officer, if any, which agency may be providing foster care for the child on behalf of such district.

§ 13. Section four hundred forty-two of such law is hereby amended by adding thereto a new subdivision ten to read as follows:

10. The state child care review service established pursuant to this title shall design and implement a system to:

(a) receive and process all financial claims made by social services districts for each individual child in foster care or receiving preventive services;

(b) compute and maintain a cumulative record of information with respect to actions taken on behalf of each individual child throughout his or her length of stay in foster care or while in receipt of preventive services;

(c) collect and maintain information on actions taken by social services districts to initiate judicial proceedings as provided by sections three hundred fifty-eight-a and three hundred ninety-two of this chapter and to comply with judicial orders made pursuant to section three hundred ninety-two of this chapter, to refer legally free children to the state acoption service pursuant to section three hundred seventy-two-c of this chapter, and to comply with the provisions of Title four of Article six relating to permanency planning for children; and

(d) compile and maintain comparative data for authorized agencies including but not limited to characteristics and numbers of children entering care and their families, admissions practices, delineated reasons for initial and continued services or placement, length of stay in care or in receipt of services, reentry rates, number of children discharged to parents and relatives, rates of adoption, costs of care and other information indicative of authorized agency performance.

§ 14. This act shall take effect on the first day of April, nineteen hundred eighty, except that sections two, six, seven, eight, nine, and twelve shall take effect on the first day of October in year in which it shall have become a law; provided however, that the state department of social services shall take all reasonable and necessary actions prior to the effective date of this act to make this act fully operative on its effective date, and provided further, that the state department of social services shall report to the governor and legislature by January first of nineteen hundred eighty on the progress made toward the implementation of this act.

Mr. Downey. One of the arguments HEW makes for the cap on 4(a) is the fact that they want to prevent the institutionalization of children in foster care. Obviously, we agree on the whole question of the cap. You need not go over your fine examples of why the cap is myopic. What I would like to know is what is New York State doing so I can go back to my friends in HEW and say, the cap does not make any sense.

The State is really in a position to want to do something about preventing the institutionalization of children. What are we doing in New York?

Mr. Lasher. We have a commitment with or without you. If you do not fund us, in preventive services, we are going to make that commitment. We are going to try to fund it ourselves. That you will find in the bill. We have open-ended at least at this point the funding for preventive services vis-a-vis foster care. We have to types of preventive service that we talk about within the bill. We talk about preventing a child from going into foster care and giving all those services at that time and also taking the child if we can, take him out of foster care and give him preventive services to help him maintain himself in the family.

We are firmly committed to it. We believe in the long run it will save the State money. Preventive services are not reimbursed by the Federal Government. That portion is going to cost the State alone. We feel that if the Federal Government is wise and is smart and wants to save itself money, it will follow our lead and start to reimburse for preventive services. We are willing to put our money where our mouth is. We would like to see Congress do the same.

Mr. Pisani. The other half of that answer is good, solid, tough management of child fare industry. We are requiring beds to be closed down when beds are unnecessary. We are requiring the delivery of services that will return children home.

We are requiring the freeing of children for adoption when they will never go home and placement of children for adoption. We are taking a broad, competitive attitude. We are employing strategies and this new bill sanctions to effectively manage the caseloads system of foster care and to see to it no one is in foster care permanently that indeed will be returned to a temporary modality as opposed to what it has become.

Mr. DOWNEY. So I can say to my friends at HEW this cap on the 4(a) money is not necessary because our own State is aware of the problem and addressing the problem. They are quick to point out that our area is one of the heaviest in the country in terms of placing children in institutions.

Mr. PISANI. In light of recent legislative developments and sanctions and the entire broad program we will have in place this year, a cap is unnecessary. If we were not doing what we are doing now and have done a cap would be the only way but we are taking a much more realistic and competitive approach to the problem.

Mr. LASHER. I do not think a cap would ever be wise. What are you going to do to that child who needs to be in foster care who is an abused and neglected child? Will you turn him out and say there is no bed for you? I cannot see that being done by the Congress of the United States.

Mr. DOWNEY. You would be surprised what we do. One of the things that I would like to ask you about concerns what you raised earlier, Senator Pisani, the whole question of the review and requirements of the review which you feel are onerous.

That concerns me. Can you tell me, in all confidence, that if we were somehow to make exception for New York or larger States that had some mechanism of review that the current situation we have of review in New York State, the computer system which you claim tracks and takes care of these children, is adequate without these safeguards? I think our State handles this well, and I am comforted by knowing you and Assemblyman Lasher are in a position to make the laws for our State, but I am not so sure—Charlie and I make the laws not only for our State, but for the other 49—and we are not so confident about the rest of the country.

Mr. PISANI. I am not looking for an exception for New York because we are in New York. I am suggesting to you if you build in something in your law which says if you do not have other strategies in your laws and your regulation programs, a 6-month review is necessary, but a 6-month review is totally unnecessary in view of the review process, initially, the 18-month review, the case monitoring, computer system which all does what you are trying to accomplish, I think more effectively, so it is a question of we have in place the kind of strategies that I would say the review process that you want to impose on us makes unnecessary.

We are very adequately protected and the children in our State are adequately protected.

Mr. LASHER. Besides those processes, I think the kicker that would make everybody go is that this system that Senator Pisani just talked about is the kicker to the agencies if they fail to meet it and will be that item which creates the disincentives which will bog the reimbursement and when you have that final dollar threat over their heads, it is going to make everything else work.

Mr. DOWNEY. Mr. Chairman, I thank you for allowing me to go beyond my 5 minutes and as I said before, I think our witnesses have really educated me and really provided this subcommittee with the sort of testimony we need and I want to thank them very much.

Mr. CORMAN. Our staff is having some difficulty with the objections to the 6-month judicial review that you referred to.

Mr. PISANI. It does not say judicial review, but it may be a judicial review from what I understand in your bill, but you require all of the due process that would be necessary in order to accomplish judicial review and all of the work that is necessary to prepare one of your reviews is the same as in our judicial review. It is very time consuming. I am speaking to the point of unnecessary time taken away from putting the laying of the hands on kids. You are putting them on paper and I do not think it is necessary.

Mr. RANGEL. Fortunately, the New York State Assembly has staff here in Washington. Please ask them to share with us the substitute 18-month review procedure which the State is following.

Mr. PISANI. I will send to you a brief critique of what I think satisfies what you are trying to accomplish in your 6-month reviews to show you that through other strategies including an initial review and an 18-month review with all of the in-between strategies and monitoring that 6-month review would be unnecessary in view of our total child welfare picture.

Mr. RANGEL. I would like to share with you, we intend to mark this bill up tomorrow.

Mr. PISANI. I will get it to you today.

Mr. RANGEL. You have a representative here; we can work it out.

Mr. LASHER. The 6-month review—they give numerous different items which determine the extent of progress which has been made to assure compliance with requirements of case plan of voluntary applications. This would begin with caseworkers. Then they give everybody notification, the parents—child, foster parents and everybody has to come now and come into court, all before a determining body, every 6 months. That total mechanism that is set up right now, we do within the family court. It is monstrous the job they are doing now under the 18-month review, but we feel there has to be that 18-month review of the child. If you make it every 6 months, the system will topple among itself. It cannot happen. We are monitoring that whole thing now.

Mr. RANGEL. We are sensitive to the objection. We need assistance on the statute. The members of the House are attempting to hold two receptions for President Sadat and Prime Minister Begin and that is the reason why some of the members are not here. In order that we may provide our input in this great historic event, the committee will stand adjourned for 15 minutes. We thank you very much.

[Whereupon, there was a short recess at 11:25 a.m.]

Mr. CORMAN. The subcommittee will resume its hearings.

Mr. Rangel, did you have a question of the panel?

Mr. RANGEL. There was one which I believe the staff is going to clear up as to whether they have language that would be better than the 6-months' quasi-judicial review.

Mr. PISANI. Mr. Jensen raised in conversation with me a question as to whether or not I was arguing against review and I am not arguing against review. What I tried to suggest to you is that I believe in New York we have a better concept of review and that is a judicial review at the point of entry which I think is more effective in managing what you would like to accomplish and that is the improper placement of children in foster care. I think it is better to have a judicial review in the beginning—that is our section 356 of the social services law—then another judical review at 18 months. I feel, after studying this for many years, you include protective case management and review in the space in between by the strategies I enlarged on in my testimony, by the sanctions that are imposed for failure to deliver services.

I think that is a better way to accomplish it. Perhaps some States do not have that. Maybe you can accommodate the fact that New York does have in fact a judicial review and a proper review procedure so I am not speaking against the review, per se. But I would prefer it at the beginning than at the 6-months point.

Mr. **Rangel.** But you don't have any problem with the mother having to return to court 6 months after New York State proceedings?

Mr. **Pisani.** There are many studies conducted that have shown that will help deliver us a handle on the system.

Mr. **Rangel.** And there are many other States that adopted that.

Ms. **Marshall.** Virginia. And we borrow heavily from you in New York and we would prefer greatly to go this path.

Mr. **Corman.** The administration's proposal is to admit the child to be placed in foster care without a court order. Is that what you are talking about?

Mr. **Pisani.** No, I do not think I am seeking that.

Mr. **Corman.** One of the bills states that we permit payment of Federal funds for foster care, if a child is placed in foster care with consent of the natural parent without court placement. Is that possible in New York?

Mr. **Pisani.** The initial placement is done on either voluntary basis or involuntarily, but all placements are reviewed or approved by the court, and I do not think we are inconsistent.

Mr. **Corman.** The point is if we are going to remove the court action requirement at the time the child is placed, then we will have to do something else. I am not sure what the something else ought to be.

We will have to look carefully at the degree of voluntarism because I think that is a real hazard if children are taken away from their parents without a judge reviewing the case.

Mr. **Pisani.** There are hazards.

Mr. **Corman.** We should try to be cognizant of all the hazards involved in supporting the administration's proposal which would permit placement of the child with certain safeguarded administrative procedures, but not court, and require review at a 6-month interval or with the approval of the Secretary to accept some different plan.

Mr. **Pisani.** That would give us the opportunity to come in and show we have as effective a review procedure—ours is more stringent and we could satisfy the requirements to the Secretary.

Mr. **Corman.** You mentioned that information is easily accessible to you but I suspect that is not so for many communities. Consequently, the Secretary might be more hesitant to give a waiver in their case than in yours. Everyone is anxious to help these children to be placed in a setting that is most conducive to growth, safety and security. Therefore, we must proceed with caution and an understanding of all the reprecussions of our actions.

Mr. PISANI. I appreciate you are legislating for the entire Nation and you have problems. If you provide the waiver in the ultimate product of this Congress, then we will take our system to the Secretary and I think it would be approved. I am willing to have that.

Mr. CORMAN. Would anybody else like to testify?

May I ask, is Marymount College in your district?

Ms. MARSHALL. Yes, it is.

Mr. CORMAN. I vote in that district. I will vote for you.

Did either of you have any additions you would like to add?

Ms. MARSHALL. No, but we do want to talk about title 20. NCSL has long sought for consolidated grants that would give more freedom and flexibility and we proposed that in connection with mental health and alcoholism and drug abuse funds in November. In pleading for such a program, we have cited title 20 as the example of the consolidated grants for social services which has been so very beneficial. Then we discovered there is a cap on title 20 that is going to stay where it is. It does not have the organized groups to come in and plead for it because it serves everybody and no particular constituents, so we have to be that advocacy group for title 20 funds.

It is a most efective approach for intergovernmental cooperation and more meshing services from different agencies. I would like to say something more. I serve also on the Federal Council on Aging and I have been on innumerable mental health boards. In the whole process of the institutionalization, title 20 has been the most effective instrument for providing services to people outside of institutions that we have found.

We are just beginning—we have an exciting program in Virginia for screening nursing home admissions, prescreening. We have diverted about 25 percent of our nursing home admissions, most of them remaining in their own homes, most remaining with title 20 services and we think it is costing us less.

We have a record now. It has been over a year and we have about 1,500 people that have remained in their homes. We have not yet done the research to demonstrate exactly how much it is costing, but we are pretty sure it is less. It certainly makes the people happier. But we are bumping the ceiling on title 20, and I am not saying take the cap off title 20 because we do not know that much about how the design alternatives to institutional care, how much it will cost and how far to assure you will provide what it needs and not more.

But, unless the cap is moved up, the whole experimentation in developing alternatives will be cut off for lack of funding but I am not really here to talk about title 20. I am here to introduce Representative Paul McCarron, who is going to talk about title 20, who is from Minnesota.

STATEMENT OF PAUL McCARRON, REPRESENTATIVE, MINNESOTA STATE LEGISLATURE, (MEMBER, HEALTH, WELFARE AND CORRECTION DIVISION, HOUSE APPROPRIATIONS COMMITTEE), ON BEHALF OF THE NATIONAL CONFERENCE OF STATE LEGISLATURES

Mr. McCarron. Thank you, Mr. Chairman, members of the subcommittee.

For the record my name is Paul McCarron. I am a State representative from Anoka County, Minn. I am currently a member of the Health, Welfare and Corrections Division of the House Appropriations Committee. In addition, I serve on the Local and Urban Affairs Committee. I am the chief author this session of a bill to establish a formula allocating State and Federal funds to counties for the administration and provision of community social services.

I am pleased to have the opportunity to explain the progress and concerns of the State of Minnesota as well as to represent the National Conference of State Legislatures. I am here to address proposed legislation amending the title XX program. I will keep my remarks brief, requesting the opportunity to submit an extended version of my testimony for the record.

Mr. Corman. Your full statement will be made a part of the record and you may proceed.

Mr. McCarron. As you are aware, the greatest concern we have facing us in the States with regard to title XX is the Federal spending cap. With the current high rate of inflation and the almost universally accepted threat of a recession this year, it is unlikely that the title XX program can fulfill its promise of providing needed services when the administration's proposed level of funding is smaller in purchasing power than the $1.68 billion in Federal money spent in 1972. In fact, the administration is now discussing an 8 percent inflation rate in 1979, leaving a 1 year shortfall in the title XX program of $230 million.

We already know that every service delivered next year will cost more. One of the reasons is that the salaries of State social workers and supervisors has steadily increased. As you have heard in the discussion on child welfare services, it is the skill of these individuals which can make a significant difference in the effectiveness of the service provided which is provided by local county government. The State does not deliver service directly.

To lose our trained staff because we cannot offer competitive salaries is an unfortunate aspect of the current low funding.

Approximately 36 States reached their ceiling cap in 1978, and HEW predicts that a total of 44 will have reached that limit by the end of 1979. Shifts in population away from urbanized/industrialized areas with high concentrations of social services recipients have decreased the individual allotments of many States, just when they should be receiving more money for expanded service needs.

The resulting decreasing funds for social services in the States have contributed to several negative effects. Improved planning and management of consolidated social services programs have been blunted; citizen participation has been undercut; the development of innovative approaches to the delivery of social services has been restricted; and States are beginning to carry an increased proportion of the social services burden.

Another negative effect, from the State legislative point of view, is that the low level of Federal spending has prevented State legislatures from becoming more active in the planning and distribution of title XX funds.

State legislatures had viewed this program as an opportunity to foster better State-Federal and State-local relations by becoming more active in assessing the social services needs of their constituents.

However, even in my own State of Minnesota which prides itself on its progressive human services programs, a great amount of effort has been needed to initiate this process.

This past year, a bill I proposed to establish a formula to allocate all social service funds—State and Federal—to the counties who administer our welfare and social service programs, passed the House but was defeated in the Senate.

I have reintroduced the bill this year. It has passed one committee of the House. Just yesterday morning, I was assured of support by both the Senate and the Governor. I am confident it will pass this session.

The experience which we now have in implementing the title XX program clearly indicates, in my opinion, that Federal legislation and regulations must be drafted in such a way that State legislative bodies have a key role in determining the use and distribution of Federal social service funds.

The reasons for this can be summed up as follows:

Decisions on allocating such large sums of money to meet the needs of citizens on a statewide basis must be a part of the State budgeting process—which is the responsibility of the state legislature.

There is an every increasing demand on State legislatures to supplement decreasing Federal dollars. If legislators are not involved in allocating Federal dollars, they cannot responsibly make decisions about what services are most in need of State funds, or the extent of the fiscal burden they might be placing on local units of government forced to make up for deficiencies in State as well as Federal funds.

Federal and State social service funds have to be targeted on populations in greatest need. Hence, there are some services which are mandatory. If State or Federal funds are not available for these services, an unrealistic burden is placed on local property tax revenues to provide the support.

If legislatures have no control over Federal social services money, they will be ineffective in making policy decisions about the priorities of needed services. That would simply be unacceptable.

Regarding the bills before you today for discussion, let me address a few other specific issues which NCSL has considered. One of the main goals of title XX is to promote comprehensive social service planning and coordination of all social service activities within the States. This can only be accomplished if there are adequate procedures and mechanisms to identify, plan and coordinate expenditures for all interrelated social service activities within the State.

We believe the multiyear planning concept gives States more flexibility to meet the planning and coordination needs of their particular social service programs.

We urge you to consider the advantages of multiyear planning when you mark up the title XX legislation.

Other features of the bills which NCSL has supported include appropriate consultation with local officials on proposed title XX plans, allowing funds to be used on a permanent basis for services for drug addicts and alcoholics, and emergency shelter for adults. We believe these features will further strengthen an already effective social services network.

One provision which concerns us regards the training moneys. That the administration should propose to cap these funds when their full potential has yet to be realized is disappointing.

In Minnesota, we're attempting to place greater responsibility for program planning and management in the hands of local elected officials. They need training to understand the various Federal programs and requirements involved. Oftentimes legislators could use some training to understand these problems. This is one example of ways in which training funds could be used in what some States consider more appropriation fashion; the effectiveness of these training expenditures could be greatly increased.

Mr. Chairman, I deeply appreciate the opportunity to have testified before you today.

Mr. RANGEL. Your suggestions make a lot of sense. We will be looking into them.

Mr. CORMAN. In Minnesota is the county responsible for social service? Do they pay for all or part of the care?

Mr. MCCARRON. There are formulas within the statute that read. for instance, in emotionally disturbed children for their support that the State will provide up to 70 percent of the funding and so the county provides the other portion.

Mr. CORMAN. Are there any programs where the Federal, State, and county governments share financial responsibility?

Mr. MCCARRON. A great many.

Mr. CORMAN. Is that true in Virginia, too?

Ms. MARSHALL. Yes.

Mr. CORMAN. Do either of your States require local governments to contribute to the cash assistance of AFDC and SSI?

Ms. MARSHALL. The auxiliary grants to SSI but SSI itself is a purely Federal program but we do have auxiliary grants for domiciliary care and the localities——

Mr. CORMAN. That is paid for with local taxes.

Ms. MARSHALL. Part of it. Not medicaid. We have no local involvement in medicaid.

Mr. CORMAN. What about the States' portion of AFDC payments?

Ms. MARSHALL. It is 75 State and 25 percent local. Under title XX that 25 percent is split again, the 25 percent that the State must put up. Part of that is local.

Mr. MCCARRON. In Minnesota the AFDC is a State-Federal responsibility. Things like medical assistance which we deal with are 90 percent State operated and cost of care of disadvantaged children, mentally retarded and so forth are partially handled by property tax and partially by the State and partially by Federal.

Mr. CORMAN. I don't know how you do that on the real property tax rate you have in Minnesota. What about Virginia?

Ms. MARSHALL. As I am sure you know, most of the Southern States do a great deal more at the State level and property taxes tend to be low. That saves us some of the difficult problems of cities that the rest of you know so much about and our property taxes are not so high, but people don't like it.

Mr. MCCARRON. One other thing we have in Minnesota, Mr. Chairman, we have the design of the circuit breaker on property taxes which equates the property tax to ability to pay up to $23,000 in income so the individual taxpayer gets a rebate on his property tax based on his ability to pay and the local unit of government receives a local aid subsidy from the State that really came out of the income tax funds.

Mr. CORMAN. You have an income tax system in Minnesota?

Mr. MCCARRON. Yes, we do. It is of some discussion.

Mr. CORMAN. Maybe sometime somebody will explain why you need a circuit breaker system.

Thank you for your contributions. I hope we become better acquainted, Mrs. Marshall.

Our next witness is Jane Knitzer, project codirector, Children's Defense Fund.

Ms. Knitzer, we are pleased to welcome you to the committee. If you have a prepared statement you may submit it for the record and summarize.

STATEMENT OF JANE KNITZER, PROJECT CODIRECTOR, CHILDREN'S DEFENSE FUND

Ms. KNITZER. Thank you Mr. Chairman.

My name is Jane Knitzer. I represent the Children's Defense Fund which is a public interest organization that seeks to uncover problems affecting children. We just released a report which we shared with all members of this subcommittee on children who are at risk, or are in placement and we are vitally concerned about the legislation that you are considering today. Before I briefly summarize our findings for you—and I did testify before you almost 2 years ago, I would first like to take this opportunity on behalf of CDF to thank you, Mr. Chairman, and all the other members of this committee, for your leadership in the last session and your beginning leadership in this session. We deeply appreciate and we desperately need it.

Let me briefly highlight what we found in our study because I think it really ties in very much with some of the issues that have already been raised in testimony today and last week. We have three major findings. The first is there is an antifamily bias that pervades the policies and practices of the child welfare system. The system works against families, not for them.

The second is that the children who are in these systems, in child welfare systems are in double jeopardy because they are also subject to neglect by public officials who have responsibility for them.

And the third major finding, which is why I am here today, is the Federal role exacerbates both the antifamily bias and the public neglect of these children. Let me just for a moment speak in some detail about these findings.

An antifamily bias is reflected at all points in the placement process. Children are inappropriately removed from their families. Let me share with you a case example. In the course of doing our study we learned about many children. I will share briefly what turns out to be a fairly typical kind of example of a mother who was receiving welfare payments who had five children. The oldest child was 8. She had a retarded 2-year-old and a set of 6-month-old twins. Her sister was killed in a car accident and the mother became severely depressed. She felt unable to cope with the heavy demands of her family. She turned to the local child welfare agency for assistance and as a result all of the children were placed in foster care. The mother was never offered crisis counseling.

She was never offered a home maker to give her a respite from her demanding family needs. Instead, at high cost to the taxpayers the children were placed. This is what it means in the lives of children. We were actually shocked to find the extent of the antifamily bias once the children are placed. What we found was the system sometimes actively discouraged parent-child contact. We did a survey and found that in 140 counties only half even had written policies requiring parent-child contact, so the case workers office did not even attempt to arrange visits.

When visits did occur, it is typical for such visits to be in courtrooms. Just think about visiting with your own child in a courtroom. We even found one county that allowed visiting only on special occasions such as the childs or the parents birthday. That latter one is extreme. The courtroom example is not extreme.

We also found that parents did not know when the children were moved from place to place. They did not know where the children were.

The antifamily bias continues at a point when a decision should be made about the child too often there is no one to make a decision. Again let me share the case of a child. At the time we learned about him he was 7. At the age of 4 he was removed from his foster home because he was appropriate for adoption. The State then placed him in a child care institution—removed him from a foster home and placed him in an institution so he should not establish too strong ties with foster parents who did not in that instance want to adopt him.

He was placed in this child care facility as a precursor to his being adopted. However, the system broke down. The child's case was never reviewed and at the time we visited the State 3 years later he was still in the child care facility and had no adoptive case worker, and there was no tracking mechanism so somebody would know this child was still sitting there.

This is what it means in the lives of these children. I could go on.

That is an example of the antifamily bias. It is also an example of public neglect, where there was no case worker for this child and there he was in an institution. The public neglect of children we found takes many forms. The first is that case workers—you have heard this—are overburdened and they don't get to know the kids or facility they are in. As a result, many children are inappropriately placed. This ties into the fiscal problems that we are all dealing with in terms of the cost of this system. They are also placed at great distance from their family. We found 10,000 kids are placed out of State.

And in our report we have a map that looks like airline maps of kids crisscrossing the country because there is no consideration in their placement, to placing them in the least restrictive setting and also the closest possible setting to their home and community consistent with their special needs.

Our findings tie in with what Senator Pisani said, they are placed where there are spaces.

We also found that for many of these children there are either no reviews or the reviews are pro forma. This speaks to the issue that came up before around the administrative case review, 6 month administrative case review and the 18-month judicial review.

In our study we found that reviews are simply very often paper reviews. We even found one instance in Massachusetts where we were simply told by the case workers—I might say Massachusetts has good regulations about review requirements—that they only did the case reviews, the administrative reviews, of the child, when they had a new case worker to train. Otherwise there were no reviews of the cases.

We believe it is important that there be a provision for an administrative review built into any bill try to guard against this sort of problem.

Most States, two-thirds of the States, do not require in addition to these administrative reviews that there is any independent periodic reviews of the children. New York is one of the 20 that does. Two-thirds of the States do not require any independent review by somebody who is not responsible directly for the child and not within the agency responsible for the child.

You have already heard today how the Federal fiscal dollar is implicated in sustaining these problems and I am not going to go into that in detail. Suffice to say it provides incentives in all the wrong directions.

Let me now turn briefly to some of the specific proposals before you. We are pleased to see that many of the issues that you addressed so carefully and with such great detail last year in 7200 are again in the bills before you. We believe it is absolutely crucial that the address to this issue be comprehensive, that it deal in one bill with preventive service, with quality of the foster care that the child receives and with adoption subsidies.

There will be no substitute in terms of reforming the system for putting those all together in one bill.

Let me just make a few specific comments in terms of some of the bills that are before you. We believe strongly there must be a conversion of title IVB program to entitlement program. This is fundamental. There must be a strong maintenance of effort clause and there must be a prohibition on the use of any new moneys for maintenance cost of children in foster care. We also believe the phase-in approach reflected in the administration bill may in fact be a realistic way of trying to insure that States are able to comply with the requirements.

We support wholeheartedly some of the modifications in the AFDC foster care program proposed in the various bills particularly including voluntarily placed children in the program and second reimbursing for public agencies for small facilities. We think that is important. We heard over and over again in our visits to States there is a desperate need for the development of these kinds of smaller public facilities particularly for adolescents.

Let me say a word about the voluntary placements of children that came up briefly before. We believe that an adequate protection would be the use of the written voluntary placement agreement in which the parental rights and obligations and the State rights and obligations are made explicit. We are very concerned about the present system by which children are in fact funneled through the court.

It is not at all clear to us that the required judicial determination now serves as a protection for children. In fact, it serves to guarantee Federal funding and the children in many cases are simply being run through the court and rubberstamped to become eligible for AFDC foster care program. We believe it is a better protection for the children to have those children who should be placed as a result of court order so placed and voluntarily placed children should be covered under a different kind of mechanism.

In other words, we are concerned again about the pro forma use of the court as a trigger for the fiscal dollar.

We are fundamentally opposed to placing a ceiling on the AFDC foster care program. We too are concerned as Ms. Martinez testified—about the inappropriate foster care placements. We do not believe a cap is the appropriate way to address this problem.

Let me give you three reasons we believe this. First there is absolutely no substitute in terms of turning around a system for increased targeted funds for preventive and reunification service and strong protections including periodic reviews and dispositional hearings. The administration's bill would impose a cap regardless of whether the States have such services and protections in place.

We have grave reservations about what the consequences of this will be in terms of the lives of the children coming into care. There will be no guarantees that those children who need the care will get it or that the children in care will be able to be moved through the system. You can assure with a cap some people will be kept out of care but how do you insure that the right children are kept out of care?

Second, we are opposed to a cap because it does not take into account the realities of increased case loads, of inflation or of new demands on the child welfare system. For example, in our study—I know you have heard this in testimony before—there are increasingin numbers of adolescents, so-called status offenders who are being moved into the child welfare system and who need care and placements. A cap also does not allow for the States that will be effected by a recent Supreme Court decision which permits the reimbursement to relatives under the AFDC foster care program if children are formally placed with them, nor would it be responsive to the intent of Congressman Downey and Rangel's bill to extend, coverage to voluntarily placed children.

These are all legitimate kinds of demands on the system and a cap is not responsive to them.

Third, we believe that even after the States have set up the kinds of service and protections envisioned in this legislation before you a ceiling would be disfunctional because presumably then only the children who truly need foster care will be coming into the system.

Finally we think it is outrageous that the administration bill includes adoption subsidies under the ceiling. To put a ceiling on the numbers of children who can be assured permanence is beyond foolish public policy. It is inconceivable.

Let me turn now to addressing what we believe is one of the core elements of this legislation and that is the protections that the bill affords to children and families. One of the tragedies of the current system is parents and children have so few protections against its capricious functioning. We believe that there are a number of protections that are absolutely essential that must be built into any kind of legislation and we believe that these protections must be afforded as a right to each child in foster care and they must be clearly made a condition of funding under both AFDC foster care program and the IV-B program.

These protections include preventive and reunification service, written voluntary placement agreements, case plans, placement in the least restrictive setting in reasonable proximity to the child's home community appropriate to the child's needs. Six months periodic case reviews and dispositional hearings. We also believe that any legislation should specify the due process safeguards to be afforded to parents and children at various points in the placement process.

And we believe that it is very important that in this legislation there be some kind of clear mechanism for fair hearing. Having said that let me make some comment on what we think are necessary within each of these specific protections to maximize the likelihood of success.

There is some degree of unanimity in the bills before us as to these protections. There are however some subtle differences that may be loopholes or that may be will weaken the effectiveness of these protections so I would quickly like to run through them.

First, we believe that preventative and reunification service requirements should only be waived in nonemergency situations if a parent refuses services. Otherwise it can become a loophole for getting the State off the hook and not offering preventative service.

Second, we believe that the least restrictive close proximity standard appropriate to the child's needs sould apply both under the AFDC FC program and under Title IVB.

Third, and this we think is very important—the 18 month dispositional review mechanism must have some kinds of built-in followup to insure reporting back to the body doing the reviews to make sure that there is compliance. There must be some continued check on the bureaucracy to make sure that there is not simply a dispositional order saying free this child for adoption and no further followup because we can predict that the child may not be freed for adoption.

So in thinking through the components in the dispositional review some followup mechanism is absolutely crucial.

We believe that any bill should spell out due process protection such as the right to notice, the right to participate and the right to have representation when critical decisions are made about the children.

Finally on fair hearing mechanism it is not enough to have a fair hearing mechanism only for the denial of benefits. Parents, foster parents, children in this system need to have some mechanism where they can raise questions about the adequacy of service or the failure to receive the benefits or the service and the protections to which they are entitled.

We believe—and others have said—that these protections will be cost effective; requiring placement in the least restrictive setting, would be likely to cost less than overinstitutionalizing children. Preventative service as Senator Pisani elloquently said, cost less than foster care.

Finally, I would like to just briefly mention our hope that the bill will include strong accountability provisions and to reenforce what Senator Pisani said about the need to build in some of these mechanissm into the legislation. We believe that accountability mechanisms ought to be established so there can be increased public participation both in the planning process for the child welfare system and in the information available to the public so they can know what is going on with these children. We also believe that there must be provisions for adequate periodic onsite reviews, onsite case reviews as well as reports.

Thirdly, there must be public and periodic data available on these children and the bill should require this.

Let me make a few specific comments to expand on what I said. One thing that we believe would be very important would be at the point that a State becomes eligible for full funding under title IV-B we believe it is crucial there be a careful determination as to whether or not the State is really in compliance with the protection and service requirements of the bill.

We believe this should be an onsite case review kind of mechanism to make sure that in fact individual children are being protected in the ways envisioned by the bill.

In terms of the need for aggregate data we appreciate the fact that the administration bill requires an inventory of children. We are concerned this be more than a one-time inventory. This must be a periodic kind of inventory. It must be available on a State-by-State basis and it must be available to the public.

Let me not comment any further on the bills but respond to any of your questions and just take a minute to make some comments about title XX.

CDF would like to submit for the record some detailed written comments. Let me briefly say once again we are appreciative of your leadership, this subcommittee's leadership and trying to insure that social services are protected for the people who need them and we hope to continue to work with you to achieve an increase in the permanent ceiling to $3.1 billion in 1980 with 70 percent cost of living increase subsequently, retention of the child care earmarked and the 100 percent nature of that earmarked under Public Law 94—401, improvement in training efforts.

We are opposed to the administration's proposed 3-percent ceiling. I believe that would be destructive. We would like to submit for the record more detailed comments.

Let me say I really appreciative the opportunity to testify before you and again we will be happy to work with you in any way we can to get these bills passed. Thank you.

[The prepared statement follows:]

STATEMENT OF JANE KNITZER CHILDREN'S DEFENSE FUND, WASHINGTON, D.C.

Mr. Chairman, and members of the subcommittee, I appreciate the opportunity to testify before you today at these hearings on proposed legislation affecting the federal child welfare programs and Title XX. I appear here on behalf of the Children's Defense Fund, a national, nonprofit, public interest child advocacy organization created in 1973 to gather evidence about, and address systematically, the conditions and needs of children in this country. CDF has issued a number of reports on problems faced by large numbers of children and seeks to correct these problems through the monitoring of federal and state administrative policies and practices, litigation, and the dissemination of public information. In addition, we work with parents and local community and state groups committed to furthering children's interests.

The Children's Defense Fund has just released a report of its 3 year study of public policies affecting children who are at risk of or in placement and is vitally interested in the enactment of federal legislation to correct some of the serious problems in the current federal child welfare programs. Therefore, I would like to focus my remarks today on three bills before the Subcommittee to modify the current AFDC-Foster Care and Title IV-B programs, H.R. 1291, H.R. 1523, H.R. 2684 and the administration proposal Assistant Secretary Martinez testified about at the Subcommittee's hearings this past Thursday.

Before I comment on these proposals, however, I would like to take a minute to express my deep appreciation and that of the Children's Defense Fund, to you Congressman Corman, and to other members of this subcommittee for your commitment to and leadership of the effort to secure passage of comprehensive child welfare reforms in the 95th Congress, and for your strong support of meaningful legislation in this session. The hearings today are a continuing reflection of your concern about what happens to these vulnerable children and families. We look forward to working with you to secure the speedy passage of the kind of legislation that they so desperately need.

Findings from CDF national study

CDF has shared with each of you copies of our recently released report, "Children Without Homes: An Examination of Public Responsibility to Children in Out-of-Home Care," which details the results of a three year study of seven states and federal policies affecting children at risk of or in out-of-home placement. I also summarized our findings in testimony before this committee in May of 1977. While I will not do so again in detail I would like to just mention our three most basic findings.

The first is that the public systems charged with responsibility for children in out-of-home care, and particularly the child welfare system, fail to ensure that children have permanent families; their own, or adoptive ones.

We found that on a shockingly widespread basis, despite the pro family rhetoric so prevalent today, an anti-family bias is reflected at all points in the placement process. Children are unnecessarily removed from their families because there are no alternative services, such as homemakers day treatment facilities, or other family support services to reduce stress on families. Once placed, neither customary practice nor formal policy stresses the importance of encouraging parent-child visits. In our mail survey of 140 counties, we discovered that one-half of the reporting counties did not even have written policies about parentchild visiting. Nor did most counties provide funds to help parents defray the transportation or related costs of visiting. And some counties literally discouraged visiting—permitting it, for example, only in courtrooms, or on special occasions. We also found few services were offered to parents to help them with the problems that resulted in the removal of the child, and to facilitate the child's return home. The anti-family bias goes even further. We found that once a child has lost contact with his or her own family either because of the kinds of systemic failures just described, or because the parents do not care, too little effort is made to ensure the child is adopted and so ensured the nurturance of an alternative family. Instead, children simply grow up in the system, typically moving from placement to placement.

This leads directly to our second major finding. These children are indeed in double jeopardy. Not only are they likely to be cut off from their families, they are also too often victims of neglect by public officials. Caseworkers are frequently overburdened and do not know either the children or the facilities in which they place them. As a result many children are in inappropriate placements, often at great distances from their families. Sometimes the children receive high quality care, but far too many are subjected to various forms of subtle and not so subtle abuse in the facilities. Yet states have failed to monitor the quality of care to the children. The states also know shockingly little about the children in out-of-home care, either as individuals or as a group. Reviews of their cases are often pro forma. In one Massachusetts county we were told the cases of the children were reviewed only as a training device for new caseworkers.

At the time we visited the seven study states only one required by statute that the cases of the children be reviewed periodically, independently of the public agency. We are encouraged by the fact that since our visits three other states we studied have passed such legislation. However, nationally, only 20 states now require such reviews. In other words two-thirds of the states do not. As a result, for large numbers of children no one is there to make timely decisions about what should happen to them, and to see that those decisions are carried out. The sad reality is that, states, charged with responsibility for these children are often neglectful, sometimes abusive parents.

Our third major finding is that both the anti-family bias and the public neglect of the children that we identified is exacerbated and sometimes literally encouraged by current federal programs.

This is particularly true of the AFDC-Foster Care and Child Welfare Services program. The AFDC-FC program as it now exists acts as a disincentive to ensuring children families. It also fails to ensure that the federal dollar is purchasing cost effective quality care. It simply encourages the out-of-home placement of children and provides no incentives for states to reunite children with their own families or ensure their adoption when appropriate. The Title IV-B program provides too little money for badly needed services to support families, or as appropriate, encourage the adoption of children. In fact the minimal federal dollars available under the IV-B Child Welfare Services Program have been used primarily to pay for costs of out-of-home care.

In addition, our analysis suggests that the federal government has exerted very minimal effort to ensure that the federal dollar is used in a cost effective and humane way.

Essential components of meaningful child welfare legislation

In view of our findings we believe there are a number of issues which must be addressed in any effective federal legislation modifying these existing federal child welfare programs. We are pleased and encouraged by the fact that many of these issues which were addressed so clearly in H.R. 7200 are again covered by one or more of the foster care and adoption proposals before this subcommittee. Therefore, rather than discuss the strengths and limits of each proposal separately, we would like, in the remainder of our testimony, to lay out what we believe are the most vital provisions of a strong bill, combining the best features of each of the proposals before you. In assessing the relative strengths and limits of the various provisions we have tried to determine the extent to which each would 1) benefit the children and families victimized by a system set up to help them; 2) be implementable by the states; and 3) be cost effective.

Conversion of title IV-B to an entitlement program

As is recognized in H.R. 1291, H.R. 1523, and the administration proposal, the Title IV-B program must be converted to an entitlement program with a cap at its current authorized level of $266 million, prohibit the use of any new moneys (beyond the current state allotment) for maintenance costs, and include a strong maintenance of effort provision. Conversion to an entitlement program is a prerequisite to the states developing the kinds of strong preventive, reunification and adoption related services that numerous studies have shown are both necessary and cost effective. Without the assurance of a predictable amount of federal funds each year, states will be unlikely to make the necessary changes in their service programs.

We also believe that the phasing in of new funds, as reflected in the administration proposal, represents a useful way to help ensure that the states can develop the capacity to redirect their service systems and provide the protections anticipated by the bills.

Protections for children and families

One of the tragedies of the current system is that parents and children have so few protections against its capricious functioning. Our study and others have documented that strong specific protections for children and families affected by the child welfare system are absolutely vital to begin to reverse the widespread public neglect we have described. By protections we are talking about a requirement for preventive and reunification services, the use of a written voluntary placement agreement for voluntary placements; the development of individual case plans; the placement of children in the least restrictive setting appropriate to their needs and within reasonable proximity to their family, home and community; periodic reviews at least every six months, a dispositional hearing by a court or court-appointed body within 18 months of placement; and due process safeguards to ensure parents, foster parents and children receive the services and protections to which they are entitled. Any protections should be established as a right for each child in foster care and be made a condition of funding under the AFDC-FC and Adoption Assistance programs as well as the Title IV-B Child Welfare Services program.

H.R. 1523, H.R. 1291 and the Administration proposal, all recognize, to greater or lesser degrees, the need for strengthened protections at all points in the placement process. We would, however, like to comment on some of the more subtle aspects of these protections that we consider essential to their effectiveness.

First, the only exception to a requirement for preventive and reunification services in non-emergency situations should be refusal by parents to accept such services. It is also crucial that the legislation make clear that preventive and reunification services include "hard" services such as homemakers or respite care, not merely "soft" services such as counselling. Both H.R. 1291 and H.R. 1523 do this.

Second, a requirement for placement in the least restrictive alternative within reasonable proximity to a child's family should be made a condition of funding under both the AFDC-Foster Care program and the IV-B program as in H.R. 1523.

Third, in regard to the dispositional hearing provisions, there must be a specific clause requiring agencies to report back to the body conducting the eighteen month review on the extent of compliance with the order. Such follow-up procedures are set forth in H.R. 1291 and H.R. 1523, and are essential to the effectiveness of the independent reviews.

Fourth, there must be a clear definition of the due process safeguards to be afforded to parents and children. At a minimum these include, where relevant, written notice, the right to be present and participate at reviews or hearings, representation by counsel or another representative, the opportunity to present evidence and cross-examine witnesses, and to receive written findings. Appropriate due process safeguards should apply not only at the point of removal and at subsequent hearings and reviews but at other points in the placement process, for example, when a child is moved from one placement to another.

In addition, a fair hearing procedure, before an impartial body, should be included whereby any parent, foster parent, or child has the right to be heard about the adequacy of or denial of benefits, services or protections to which they are entitled.

Protections such as these coupled with increased funds for preventive and restorative and adoption related services are not only humane, they are "cost effective." Eliminating unnecessary placements, and reducing the length of time children simply exist in care will not only benefit the children and their families, but the taxpayers who indirectly bear the burden of a system that now keeps children in care, at public expense, too long; often in overly restrictive, costly settings.

Modifications in the AFDC-FC program

The three foster care bills before the committee and the administration's proposal make two significant modifications in the AFDC-FC program which we wholeheartedly support; namely including voluntarily placed children in the program and permitting federal reimbursements for otherwise eligible children placed in small public facilities. In regard to the inclusion of voluntary placements, current law prohibits AFDC-FC reimbursement unless a child has been placed in care pursuant to a judicial determination.

To meet federal funding requirements many states move all AFDC-FC children through the courts, not for their protection, but to guarantee the federal dollar. We believe that children who are voluntarily placed in care will be better protected by requirements for a voluntary placement agreement than by the pro forma court attention afforded them currently.

We believe that extending federal reimbursement to small public facilities is an important aspect of encouraging states to develop badly needed, high quality group homes for children, particularly adolescents. Over and over again in our talks with public officials they bemoaned the lack of such monies, and frequently the consequent over-institutionalization of the youth.

We are however, fundamentally opposed to one of the major modifications made in the AFDC-FC program in the administration's proposal; imposing a cap on the AFDC-FC program. Although, we too, as Ms. Martinez testified, are concerned about inappropriate foster care placements, we believe that a cap is not the appropriate way to address the problem for several reasons.

First, there is no substitute for increased targeted funds for preventive and reunification services, and strong protections including periodic reviews and dispositional hearings if the goal is to eliminate inappropriate placements. Yet the administration's proposal would impose a cap based on fiscal year 1978 funding levels, regardless of whether states have such services and protections in place. We have grave reservations about imposing a cap on the number of children coming into care before states have in operation mechanisms to ensure that only children who need care are placed and that they move on through the system, back home or to adoptive homes. With only a cap you can ensure that some children will be kept out of care, but how do you ensure they are the children who don't need it.

Secondly, the imposition of a cap does not take into account the realities of increased caseloads and inflation, or new demands on the system. For example, in our study we heard repeatedly about the increasing numbers of adolescents, previously adjudicated as status offenders, who are now becoming the responsibility of the child welfare system. Similarly, a cap does not allow for increased caseloads in states affected by a recent Supreme Court decision in *Miller* v *Youakim*, 47 L.W. 4185 (February 22, 1979) (No. 77-742), that relatives are entitled to receive AFDC-FC rates for children formally placed with them. Nor would a ceiling be responsive to the intent of H.R. 2684 which would extend coverage to voluntarily placed AFDC-FC children now in the system.

Third, even after states have implemented the kind of services and protections envisioned in the bills, a ceiling will be dysfunctional. Under a restructured system, only those who truly need foster care should be coming into the system on a long term basis. To place an arbitrary limit on the numbers of these truly needy children who can be so served would mean subjecting the left over children to serious risk that violates the most fundamental principles of public responsibility for the children.

Adoption subsidies

The fourth crucial component of child welfare reform is the inclusion of a strong federal adoption subsidy program. Data suggest that adoption subsidies are both cost effective and vital to ensuring that children, particularly those with special needs, who cannot be returned home are adopted. In Los Angeles County for example, during a one year period, 267 children who had been in long-term foster care were placed in adoptive homes with subsidies. The county estimated that to continue those children in foster care until age 18 would have cost the county $16.7 million in room and board costs alone, excluding costs of services and administration.

The federal government at present provides no money for such subsidies, and as a result in many parts of the country children with special needs who might be adopted with the aid of subsidies are instead left in federally reimbursed foster care. In fact, there is an incentive for states to leave children in federally reimbursed foster care where they are responsible for only a share of the cost, rather than to place the child in an adoptive home with a subsidy where the total payment will be less—but the state must pay the whole amount.

Both H.R. 1291 and the Administration proposal include strong provisions for adoption subsidies. However, the fact that the Administration's proposal caps the funds available for adoption assistance undercuts the effectiveness of the program in ensuring children who cannot be returned home a nurturing adoptive family. Under no circumstances should adoption subsidies be included in a ceiling. Also in an effort to provide permanent homes for children, we support the extension of Medicaid coverage for medical conditions to children who are adopted. Today children in most states are eligible for Medicaid cards while in foster care, but lose that eligibility when adopted. And we believe the non-recurring costs of adoption should also be covered.

Accountability provisions

It is our hope that any bill reported by this subcommittee will include strong mechanisms to ensure that states are in compliance with the bill's provisions. We believe that a provision for public participation in the state planning process for child welfare services, and the foster care and adoption programs would be one step in this direction. We also believe that there should be mechanisms by which state compliance can be reviewed periodically and independently, both by the state, and by the federal government. Further, these monitoring mechanisms must be grounded in on-site case audits of the children, as well as in agency reports to the state and federal governments. Models of such audits already exist in the work of both the HEW Audit Agency and the General Accounting Office.

Along these same lines, we view it as particularly crucial that when a state receives full funding under the Title IV-B program there be a careful determination that it is in fact in compliance with the service and protection requirements. If there is a phased-in entitlement, such a case audit should occur within one year of the time the state receives its full share of funding. If there is no phase-in, clearly a similar process would be required at the time established for compliance, although it would be extremely difficult to do this in a timely way at once in all jurisdictions.

Equally important to ensuring accountability for both the children and the funds are requirements that aggregate data not only be collected periodically, but that they be made public on a state by state basis. We are aware that the Administration anticipates requiring an inventory of all children in care as a condition for receiving full funding under Title IV-B. We applaud such a provision, but believe it is essential that such an inventory not reflect a one-time effort. Periodic reports from the inventory should be required on an on-going basis. This will not only facilitate a state's planning process, but will also make it possible to assess the impact of the child welfare reform legislation. Unless states can track children in care, there is no assurance that the mandated protections anticipated can be administered in a timely and periodic fashion on behalf of individual children.

Mr. Chairman, we would also like to submit for the record some comments on a number of issues raised by pending legislation and budget recommendations with regard to Title XX, our biggest and most basic system of providing social services to working families.

CDF is very appreciative of the leadership already shown by this subcommittee this year in trying to ensure that these services will continue to be provided to the thousands of families who so desperately need them. Specifically, we hope to continue to work with you to achieve the following goals:

An increase in the permanent ceiling to $3.1 billion in 1980; with 7 percent cost of living increases in subsequent years;

Retention of the child care earmark and of the hundred percent nature of the federal funds available through Public Law 94-401;

Improvement of training efforts by opposing the Administration's proposed 3 percent ceiling and restructuring the program to assure that it will provide the type of high quality training needed which is so central to effective and efficient delivery of social services.

We will be submitting for the record a more detailed statement of the importance of achieving these goals.

We appreciate the opportunity to testify before you, and would be happy to answer any questions, or provide any analyses that may be helpful. We look forward to working with you to ensure speedy passage of child welfare and social services legislation that will make a difference in the lives of children and adults.

Mr. Corman. Thank you very much.

Mr. Rangel.

Mr. Rangel. Thank you for your testimony.

Mr. Downey.

Mr. Downey. I would also like to thank you for your testimony and apologize to you for coming late. I did not hear your comments with respect to the administration's bill but if you could answer them for me briefly: What is your feeling on the IV-B funding level? Your feeling on the cap? And if you have any on the bill that I introduced, H.R. 2684, to provide for periodic case review of children placed in foster care?

Ms. KNITZER. We are fundamentally opposed to the cap for some of the arguments that have been presented. We don't think it is a protection for children. We are concerned about the children who will be left out because of the cap. We think it is not responsive to increased demands on the system, for example, the adolescents. We support expansion of coverage to children who are now already voluntarily placed in the system. We think a cap would be counterproductive, disfunctional and perhaps dangerous to the children, particularly a cap before the service and the protections are in place.

Mr. DOWNEY. With respect to the cap—you are much closer than many of us are to the problems that exist in the real world with respect to neglected and abused children. Have you found that as a result of the legislation that the Congress passed in 1974 and other States and local efforts that we are identifying more neglected and abused children?

Ms. KNITZER. I don't think there is any question the reporting statutes have resulted in the identification of more children.

Mr. DOWNEY. Can we show a relationship between rising costs of living and unemployment and neglected, abused children and the problems of children who have to be placed outside of their home? Is there a nexus between those factors and number of children?

Ms. KNITZER. There is no question, a number of children in foster care care systems are there because of financial stresses on the family combined with the burdens imposed by changes—for example unemployment of a father and there have been some studies which show an increase in numbers of children, for example, in—I believe there was one in Michigan. Yes, we can. We can show it.

Mr. DOWNEY. What we can say then is that we are doing a better job but still not adequately in defining who neglected and abused children are.

Ms. KNITZER. That is a complicated question. By statute we have defined some of these children. The real question is what we are doing once we identify them and the service we provide to them and to their families which turns back on why the preventative service are so absolutely vital.

Mr. DOWNEY. Would you say that as a result of the recent inflation figures, the double digit inflation, that there are more children who are not receiving attention?

Ms. KNITZER. I think it depends on how much we get, both preventative service and adoption subsidy setup.

Mr. DOWNEY. What I want you to say is yes, we have further documentation that the cap is no good.

Ms. KNITZER. I accept your answer to your question.

Mr. RANGEL. Let me point out some problems involved in getting outside review to make the statement that these children are not falling between the cracks—I can understand that. But when we talk about providing service why would you have confidence in this same system—one which you say is overburdened and perhaps forced to be indifferent and insensitive to the child? We will be giving more money to prevent that but without establishing different and more effective criteria?

Ms. KNITZER. I am not sure I am completely following you.

Mr. Rangel. If the caseworker is now so overloaded we have to go outside to have some type of review for the child, who are you suggesting should be given the moneys to provide service so that the child would not be institutionalized in the first place?

Ms. Knitzer. I think there are models of demonstration, of preventive service programs that really have worked, taking some of the same caseworkers and giving them some support, giving them some training and giving them different kinds of expectations and different kinds of goals.

Mr. Rangel. Why can't we do that now with the caseworker? How can you justify losing a child by saying that you had a heavy caseload? How can you do that? It should be an indictable offense if you call yourself a social worker.

Ms. Knitzer. Perhaps, but I think the pressures on caseworkers are extraordinary and maybe it is an indictable offense that we don't have Federal moneys for preventive service because what is reimbursed is the foster care payment and that is where the dollar is and in fact some States are really trying to do this and they are really hampered. So I think it can be done.

Mr. Rangel. Are you saying that if the moneys are available there could be assurances that the job would be done?

Ms. Knitzer. That is right. It turns on building in accountability kinds of things I was talking about. It is not going to be easy but I think it really can be done.

Mr. Corman. Thank you very much. The Children's Defense Fund has been tremendously important in this area. I sincerely appreciate the support you have given us. If we are successful this year in the House as we were last year I ask you to continue your vigilant efforts in the Senate.

Ms. Knitzer. We ask the same of you.

[The following was subsequently received:]

Supplemental Statement of the Children's Defense Fund

We would also like to make some comments to the Subcommittee with regard to pending legislation on Title XX, our largest and most basic system of providing social services to working families.

First, we are pleased that the Subcommittee has already gone on record in its budget discussions in favor of an increase in the ceiling to the level of $3.1 billion for 1980. CDF strongly supports Chairman Corman's bill which would raise the ceiling for 1980, provide for 7 percent increases in subsequent years, and retain the earmark and 100 percent match on the Public Law 94-401 funds for child care.

CDF particularly appreciates the leadership already demonstrated by the Chairman and by Mr. Stark on the question of the child care funding. Although we are aware that not all funds provided under Public Law 94-401 have been spent on child care, we believe that the administration's proposed phase-out would have worked a real hardship on existing programs which could not suddenly come up with state or local funds to supply a 25 percent match in the coming year. We were thus pleased to observe that in testimony last week before your Subcommittee, the administration reversed its previous position and endorsed continuation of the earmark and the 100 percent match.

CDF further urges the Subcommittee to consider tightening up the language of Public Law 94-401 to assure that funds authorized under this program are actually spent on child care rather than on other activities. This could be done by incorporating into the authority language which would require that the funds be targeted for child care services.

Secondly, CDF shares the Subcommittee's skepticism about the administration's proposal to impose a ceiling on training funds available through Title XX. With a major new initiative pending in the area of child welfare and with proposed new

Federal Interagency Day Care Requirements to be released soon, both the importance of and the demand for training will increase, not decrease.

CDF also endorses the following proposals which we believe would improve the effectiveness of training and strengthen linkages between training programs and service deliveries who are close to the clients they serve:

A state plan requirement.

Authority for non-profit organizations to conduct training.

Authority for Federal reimbursement of per diem and travel expenses for trainees attending sessions shorter than one week.

In conclusion, Mr. Chairman, we thank you and your colleagues for your commitment to developing the best possible child welfare and social services legislation, and we reiterate our commitment to assisting the Subcommittee in any way that would be helpful.

Mr. CORMAN. Our next panelist is Ann Klein, commissioner, Department of Human Services, State of New Jersey and Raymond Farrington, acting director of Protective and Children's Services, State of Connecticut.

We are pleased to welcome you to the subcommittee. If you have a written statement you would like to submit for the record and summarize, please do so.

STATEMENT OF ANN KLEIN, COMMISSIONER, DEPARTMENT OF HUMAN SERVICES, STATE OF NEW JERSEY

Ms. KLEIN. Thank you Mr. Chairman, Mr. Rangel, Mr. Downey.

We have submitted a written statement from the State of New Jersey. I am the commissioner of the Department of Human Services. My name is Ann Klein and I am very pleased to have the opportunity to testify on your title XX and title IV-A and IV-B concerns.

Mr. CORMAN. Off the record.

[Discussion off the record.]

Ms. KLEIN. It is very hard to follow Ms. Knitzer as a testifier because she certainly is impressive in her knowledge and statements about the needs of children in our country. But I will do my best. I thought before I got into my testimony on title XX since there has been so much discussion about the proposed review of children in placement that I would like to share with you what we have done in New Jersey which I think is a little unique and we did spend a lot of time developing our review process.

New Jersey is one of the States that has been receiving very little money in AFDC foster care simply because we did not have a court review process and we did not have children eligible for Federal participation except in those cases where they were committed through coming to the attention of the court but not through any kind of our bringing them to the court for placement.

Therefore if the cap is put on AFDC foster care, New Jersey will suffer tremendously because now that we have a foster care review in place, the court review in place, and will be eligible to receive participation by the Federal Government we will be capped out at a very low level if that cap should stand.

We do appreciate Mr. Downey's bill which would provide for those who have not been covered heretofore to come into the formula.

We are needless to say opposed to the cap. But I think or foster placement review program is, as I said, unique and interesting and does not differ too much from what your staff is providing except in some specific ways.

I have a comparison of the bill you proposed plus the New Jersey child placement review so that you could look at that and perhaps there might be ways in which some of the things we incorporated might be included.

What we did that was different was to provide for citizenry review panels which are appointed by the courts in each of the counties so that they are actually an arm of the court and the first placement, whether it is voluntary or involuntary, is through judicial determination within 72 hours actually going to the court for a placement. Then a placement plan is made for the child.

The panels have been established by the court to report to the court and they are citizen panels who serve without compensation and the child's case is reviewed within 45 days after the initial placement to find out what the plan is, whether placement should be continued and for the panel to review what is happening to the child. Then subsequently the court reviews those findings and issues orders or holds further hearings. If the panel recommends that the plan of the agency is not satisfactory, if the child remains in foster care after that review the case will come up for another review within 12 months. That is somewhat different but not too different.

We were very concerned about the costs of the 6 months review and all of the lawyers that would be involved representing all the different parties, the State and the child—the cost we think of any kinds of a real court proceeding involving all kinds of due process and of having verbatim reports out of that process would really overwhelm what the cost of placement was and that seemed to be our evaluation as we were developing our State law and this citizen review panel came up as a sort of substitute for that.

It has only been in place for 6 months and we have so far felt that it is working pretty well but it is too soon for anybody to evaluate it. The reports from the different counties have been that the review panels are meeting, they are reviewing the children. In a surprisingly high percentage of the situations they do agree with what the agency is doing with the child. The agency of course felt that might not be the way it would turn out but it has so far sort of substantially cited what the agency is doing.

We would like to have a chance to have this program work and to be eligible for AFDC participation by the Federal Government and if we suddenly had to come up with a review every 6 months and a whole different process than I think that our State would suffer from that. So I would like to, if I may, place in the record this comparison so your staff could review what we have done and compare it with what you are proposing.

Mr. CORMAN. How would you feel about it if we provided a statute that would have the 6 months review or the secretary's waiver? Would you be willing to submit your plan as it stands to the Secretary? Do you think that might solve the problem? Frankly we believe some form of a review is necessary but we do not want to be unreasonable. If there is an adequate review already in existence the Secretary might be reasonable about that.

Ms. **Klein**. I think I could feel very comfortable with that because in working out that program we had to consult closely with HEW as to whether this would in effect meet the requirements for foster care review. I believe that I would find our program satisfactory, at least up to the point where we had a chance to evaluate it to see what the problems were with it. Of course, you never know.

I run a bureaucracy myself so I don't trust the bureaucrats.

Now if I may I would like to say a little about title XX because for me as the head of a very large social service agency title XX has been the salvation of everything progressive we have tried to do in New Jersey. I was fortunate coming into office 5 years ago—I was fortunate but the State wasn't—that we were spending a low proportion of our title XX money in New Jersey, approximately half of it. So that over the ensuing 3 years, 4 years, we had an opportunity to, despite very tight State fiscal situation, to greatly expand what we were doing in social service through what I think is an excellent mechanism, excellent program, the title XX program.

This program really promotes coordination of social service and extends public involvement in the planning process and the only real problem we have with it is that we are now at our ceiling and of course in a period of really runaway inflation and it is amazing how a State that got along for so many years without any effective social service, the minute you provide some the demands just goes out of sight and so for whatever you do, there is a demand for you to do more of it.

As an example 2 years ago we did not have any shelter for spousal abuse in New Jersey and we were going to hear about the need for this from our constituents so we identified some title XX money for this, thinking we might have four shelters in the State and the demand has been unbelievable. We now have nine active shelters, all of them threatened because of the loss of CETA moneys and ceiling of title XX, threatened with whether they will be able to continue to exist and yet there is a demand in all the other counties to have similar shelters and all the shelters are filled.

I think this kind of program certainly responds to the question of child abuse because where there is spousal abuse child abuse is involved. Without title XX we would not have been in position to do any of this. This is an example the way the costs keep rising, the demands keep increasing and the funding is not keeping pace.

I know you must really get weary of hearing everybody say there is not enough money. Not enough money and we need more but in effect when you consider the demands placed on the social service programs and what is actually happening in our society today it is totally insufficient to do what we hope to do with it.

I would like to say that we strongly support, Representative Corman, your bill to—I guess H.R. 2724—which would provide for permanent increases in title XX funds in fiscal 1980 and 1981. And we would also like to have considered adjusting title XX allocations to cost of living, starting in 1982.

The funding problems are really exacerbated because some service depends on title XX which I think should be provided in other ways.

For instance, New Jersey has 25 percent of its title XX funds committed to day care and we are only providing a small part of the need for day care. I think we have to be aware—and it has been mentioned before today—of the great differences that have taken place in our society and it has all taken place in a very few years. Among all the women with children under the age of 6, 44 percent are now working. And if you go to children between the age of 6 and 17, 60 percent of their mothers work.

That is a very marked difference in our social order and in most cases these women are working either because they are the sole support of their family or because their second income is needed in order for the family to make ends meet.

Yet our institutions have not adjusted to this change in society at all. For instance, the school calendar and school day which are anachronistic and designed to meet their needs of an agricultural era hinder the working mother by releasing children in the afternoon and in the summer and during holidays and as a result parents either have to find substitute care, preschool, after school, summer camp or else the children are basically unsupervised unless there is a grandmother or relative and we know that large extended family is really also fading from the scene.

So that we have a real serious problem for children in terms of just who is protecting them when school is out or when they are out of school and the social service dollars are the only basic resource for this and will simply not stretch and many times those funds are competing with all of the other valid demands on the social service system.

I think this whole issue of what we do as a society when there are no longer two parents in the home has not been addressed very well.

I think we should consider the possibility of taking day-care service out of title XX and funding it as a separate program. It is a strong competitor for scarce social service dollars. It would have a lot of support for funding and would release moneys that are needed to supplement day-care service.

Day-care service of course is one of the very big preventive service and it is not available sometimes.

Mr. CORMAN. How much of your title XX money is allocated for day care?

Ms. KLEIN. 25 percent.

Mr. CORMAN. Of the Federal dollars?

Ms. KLEIN. Yes, $25 million out of almost $100 million which is our total and about 20 percent of that or a little more than 20 percent of that is going for after-school programs to provide for after-school programs which really takes away from preschool and does not begin to address the question of what happens to children after school. We have also of course strongly supported your bill to make permanent that money that was passed a couple of years ago for child care which has not ever been made permanent.

I should tell you that we have problems when we get additional money but we don't know if it is permanent. For instance, this year we received an extra $6.8 million in title XX but it had a temporary status and when that happens you are immediately faced with the problem of how can you expand service or what can you do with it if you don't know that next year there will be some more funding and the budget bureaus and the legislature become very concerned about that because if Federal dollars are not forthcoming the folloiwng year that would put demands on State dollars which probably would not be met.

The way we handled it, what really could have happened is the State frequently has eligible service or charges that they can make against title XX. In our State the State is not fully charging everything that is eligible for title XX reimbursement so what could have happened with the $6.8 million is that ongoing State costs could have been changed against it and would have resulted in no additional money for any of the purchase service or community service.

We hit a compromise and we received $3.4 million to meet the cost of inflation basically and some addition in our programs and the State charged the other $3.4 million against State social worker costs and things like that. Then they allocated in the State budget $3.4 million for the second year so we got the $6.8 million stretched over a 2-year period which made it possible for us to go into a little bit—meeting inflation—on new programs knowing that we would have a second year funding in the State budget really in terms of the development of social service it cut the effort in half.

So we are very anxious when we get new funds they do be made permanent and we can count on them the second year.

I would also like to recommend something that I don't think has come before the committee today and that is the possibility of changing title XX so that funds can be planned for and spent over a 2-year period. I think this is maybe the only Federal social program in which you have to commit and spend the funds within the year in which it comes to you or else you lose it.

I think that the tighter we become with resources the more carefully we have to allocate and plan and that incentive to spend within that framework of the one year and not to be able to even commit money one year and charge against it the next year really puts a kind of vise onto the social service system which I think we could do things better if we changed that and I would like to recommend that to the committee for consideration, both that we have a longer planning period for title XX money and also that we have at least 2 years in which to commit and charge the funds. For instance, the nutrition bills in aging, I am sure they do not have to expend their funds within one year in order to collect against the entitlement. Did you have some question about that?

Mr. CORMAN. When we get to markup we will look at that particular problem.

Ms. KLEIN. Thank you.

We also would hope you might look at the present restrictions concerning private funds donated by nonprofit agencies. We know and agree with the concept in terms of not having to depend upon where those funds come from as to where the service go but we think that problem can be addressed administratively quite successfully and that is going to become increasingly difficult to get private nonprofit commitment to programs when they can't have any certainty as to where the funds will go.

The fact is that without the money that was raised privately and from local communities and local organizations to provide match for title XX New Jersey would still not be spending its entitlement because we have never been able to get the State funds to draw down all the title XX funds. We have developed a program with a good deal of input from the local communities, the counties and the private sources.

Now I would just like to, if I may, turn to the whole question on title IV B. Actually the goals of child welfare service in New Jersey really are in concert with the Federal definition that we want to strengthen and maintain families and I think that fact is reflected in the fact that although we have 48,000 children in our caseload we have 10,000 approximately in child care and almost 2,000 in some kinds of residential care.

That number has not changed over the last 5 years. We still have the same number of children in out-of-home placement although our caseloads have gone up 300 and 400 percent as a result, by the way of the child reporting law. The question was asked before by Mr. Downey as to whether those laws have helped us to identify. Yes, we had a law going back to 1973 in New Jersey requiring the reporting of child abuse and our caseloads went up so tremendously that we literally had to restrict our caseloads to the cases of neglect and abuse and some of the preventive service we were doing for less troubled families really had to go by the wayside.

We simply did not have the resources to meet the demands.

Despite the increase in title XX we have not anywhere near come close to being able to provide the caseworkers service and the hard service that is required by suddenly knowing that all of those very severely neglected and abused children are out there.

I would also like to say that a basic problem that is behind all of this is the—I wanted Mr. Rangel to hear this—the basic problem, Congressman, in my opinion is the income level at which we are supporting children in New Jersey and in this country whose families cannot support them.

There is absolutely no question from any studies that we have done that there is certainly an exacerbation of family breakdown, neglect, and abuse.

The poverty level at this time is $6,600 a year and our system of AFDC inclusive of food stamps provides about $4,400 a year for a family of four. There is no way children can be reared without serious abuse and neglect in that kind of income level. I believe that it is the Nation's shame that we have not found a way to provide an adequate income for the poor children of this country.

I think that when I hear about requirements that preventive service be provided prior to foster care placement, I have to—all of us subscribe to that concept that the preventive service must be available but what are you going to do when the preventive services are simply not available to the degree that they are needed?

I think that no child would have to be placed if you could really provide the income level and the onsite service that are needed to prevent placement, but they simply are not there and there is nothing in the funding that is being proposed anyplace that is going to begin to put that in place.

I don't think preventive services are that much cheaper than foster care. I would have to take issue with that. Yes, if you place a child in a $25,000 a year residential treatment center program that is true, but homemaker service, counseling, day-care programs, and an adequate income level, all of which are what real preventive services are, are not inexpensive and they are not available out there.

There are situations in which children come into foster care simply because the home, the family is terribly inadequate and there is nothing that we can do to put in place enough preventive services to prevent that placement and just delaying it—I just really don't see, unless we are ready to fund it, how we can say that adequate preventive services must be provided first. It would be something that nobody is capable of doing under the present funding levels.

Mr. RANGEL. That is shocking testimony. Have you tried that in New Jersey and reached the conclusion that the preventive services must be that costly?

Ms. KLEIN. If you think about what are preventive services.

Mr. RANGEL. If you think about how slipshod a kid can wind up as a result of being institutionalized, we know that ground.

Ms. KLEIN. If you are talking about institutionalization——

Mr. RANGEL. Strike that out. Even the foster care.

Ms. KLEIN. If you are speaking about what it does to the human being as being costly obviously the human cost of being wrenched from your home and being placed in foster care—but if you are arguing about the cost of providing the preventive services necessary to keep them at home——

Mr. RANGEL. Yes.

Ms. KLEIN. I would say in New Jersey when we placed a child in foster care the cost is approximately $125 a month. Now, our total support for a child under foster care in his own home in AFDC is less than that and it is all federally reimbursed and the medicaid-medicare will be the same whether he is in foster care or whether he is in his own home.

If you are supplying day care for him which may be very necessary in order for his mother to keep him at home with the kind of problems she has, and if you provide a homemaker to go in and help the family so there won't be crises or you put a case aide in there or you provide social worker to call on that family regularly, these are preventive services and they are not inexpensive.

The reason it was said they are inexpensive is because we are not doing them adequately. Insofar as we are doing them they work and they are good but I just have to take a little issue with the idea of whether we really can expect it will be cheaper. It will be better.

I run into that same problem with the question of institutional care versus community care for the mentally ill. A lot of advocates say it is cheaper to take care of the retarded or mentally ill in the community. I would like to believe that but I don't see the evidence of it. If you provide a day care center for handicapped child and you transport him to it, the cost of that transportation and day care center alone may equal what the cost would be for him in an institution, so the services are not inexpensive and I don't think we should think we can do them with very little money.

If we are really going to keep children in their homes and really protect them, we need a lot bigger commitment from the Federal Government and from the States not only for the services but also to provide an adequate income so they really can grow up decently.

The Carnegie Foundation did a big study on this and it came out in a huge volume called All of Our Children. What they said was the most important thing you can do to give a kid a good opportunity to get along in life is to have him born into a family that has an adequate income for support and I believe that. I believe that. I don't mean that the money solves everything or that people with incomes don't have problems or that they children of the rich turn out good. I don't meant that but I do mean the basic deprivation of poverty as we know it in this very affluent country, is absolutely at the basis of a great deal of the social problems that we have with our children and if you look to see who ends up in our prisons, who ends up in mental hospitals, who ends up in foster care and so forth, poverty is a very large part of it and I have to make that plea.

I am sure I am making it to the wrong group but I have a feeling you have equal concern for them.

Mr. RANGEL. You are really not. I was raised in central Harlem and there is nothing that a few bucks would not cure that a lot of social workers were not trying to cure, so I know exactly what you are talking about. Perhaps I am talking to the wrong group but I agree with you.

Ms. KLEIN. I know our social workers going into homes on complaints of child neglect would find houses in which there was no heat because the fuel bill had not been paid or there was no electricity or there was no food in the icebox literally because these families use up their food and their food stamps by the third week of the month.

I can take you to listen to groups of welfare mothers who will testify as to what it is like not to be able to give their children something to eat when their children are hungry and the agency, the social service agency, was unable to provide them with emergency assistance.

They sometimes remove children because it was the only way they could get them into a warm room with enough to eat. So we got some grants from the Federal Government for emergency assistance to be available in these situations and we got a waiver so that it did not have to get deducted from welfare grants if you gave them some emergency assistance. The report that was done on that—just being able to come up with some bucks when there is a problem like that in the family had a tremendously good report on it and as a result, we applied for a larger grant for the second year and I think some of the legislators are trying to put it in as part of a State program. But that kind of emergency meeting of real visible need is something that we don't address enough.

Mr. DOWNEY. On that point I would say I think we can assume that all of us are concerned with the humanity involved or the lack of it in placing children in foster care, but would you say with respect to pure costs on providing that sort of emergency assistance to heat the home, put food in the house or buy a refrigerator or do what needs to be done, that it is cheaper than putting the children in foster care in New Jersey?

Ms. Klein. Yes.

Mr. Downey. Would you say that in a way this is a type of child welfare service?

Ms. Klein. Yes.

Mr. Downey. Providing heat and providing food?

Ms. Klein. Yes sir.

Mr. Downey. If you could say that is a type of child welfare service why couldn't you say child welfare services are cheaper than placing children in foster care?

Ms. Klein. I believe, Mr. Downey, that by coming in with that emergency and keeping those children out of foster care that you have invested very little money and you preserve that family for another day or another 5 days.

Mr. Downey. I don't think we disagree. All I want you to say is the child welfare service which is providing the food, providing the refrigerator, is cheaper than placing the child in foster care. Wouldn't you agree with that?

Ms. Klein. In that situation, yes.

Mr. Corman. I would not like the record to state that you can use social service money to buy food for children because AFDC money is not available. I am not sure that you would not be using all of your social service money for groceries for hungry children if that was the case. I am not sure Federal law permits that.

Ms. Klein. I think maybe one of the reasons we are having some sematic problems on this is that I consider an adequate income foundation very basic to preventive services.

Mr. Downey. I don't disagree. If I could engage my Chairman in a colloquy on that point, it would seem food would not be a good example but under the rubric of homemaker services it is conceivable counseling someone with $400 to buy a refrigerator might be the kinds of service one might question, but I think it might be still legal and the sort of thing that would keep the family together. To provide a retrofit on a boiler that did not work is a type of child welfare service that maybe, with some imagination, we could, if it is not already allowed, allow by regulation.

Mr. Corman. Mr. Downey, I would appreciate one of the administration's witnesses clarifying this matter because I had not really visualized this as child services. If it is, we need to know about it because we don't need $3.1 billion—we need $310 billion. There is a lot of refrigerators and busted boilers.

Mr. Downey. Mr. Chairman, I am sure——

Mr. Corman. Off the record.

[Discussion off the record.]

Ms. Klein. I have wandered a lot from my written testimony which I have submitted. I would be willing to stop very quickly. I just want to say something about the subsidized foster care bill, if I may.

We had this program in New Jersey now for a number of years and we consider it an extremely excellent program.

Both the bills 1281 and 1523 differ substantially from their provisions concerning adoption subsidies and they both, however, reflect a very positive avoidable commitment by the Federal Government to provide Federal financial support for permanent placement of children.

I would have to disagree with the requirement of 1281 which is Mr. Brodhead's bill that a child would have to be AFDC eligible before his adoptive parents can receive a subsidy. We don't understand what the relationship is between whether the child comes from a family who is AFDC eligible and goes into a subsidized adoption, why that should affect whether there could be a subsidy to that child.

In addition, there is a problem with the 1523 bill which requires that you take 6 months to plaçe a child in an unsubsidized adoption placement before you can place him in a subsidized adoption place. We have been able to place children with disabilities such as Down's Syndrome, very, very hard to place children for adoption. If we find a home for that child which is a good and adequate home we would want to be able to place him and subsidize the adoption and not postpone it for 6 months while we are looking for a subsidized adoption. It might end up with that 4-year-old boy being lost for 3 years. I think those restrictions that are included in those bills we would like to see not included in the final markup.

We also think it is extremely important that the medical costs for physically handicapped children or emotionally handicapped children be covered. In New Jersey we do cover them through our medicaid program although they are not eligible for Federal participation, but very often that may be the deciding factor on whether an adopted family can take a child or not. If he has severe medical costs in his future and we think any requirement that would limit the subsidy to AFDC foster care and did not provide the medical sots would be quite unrealistic and would result in a lot of these children not being able to be placed.

I think the committee has been very kind and patient and I appreciate your listening. I am sure your staff will review what I did not include in my written testimony and if there are any questions, I will be happy to try and answer them.

[The prepared statement follows:]

STATEMENT OF ANN KLEIN, COMMISSIONER, STATE OF NEW JERSEY, DEPARTMENT OF HUMAN SERVICES

SUMMARY

Part I, title XX

Title XX is a conceptually sound and vital program for the development and provision of social services. Nevertheless, it has the following problems:

The real dollar value of Title XX funds have declined because of inflation while the demands for social services have increased.

The problem of insufficient funding is exacerbated by the cost and great need for child day care which places limits on the amount of Title XX funds which can be used for other services.

The temporary status of both the increased fiscal year 1979 Title XX allocations and the special allocation for day care services makes planning very difficult.

The requirement that any new funds must be spent within one fiscal year is unreasonable and does not give sufficient time in which to effectively plan for new services.

It is difficult to allocate sufficient resources for planning, evaluation, and administration since they must compete with scarce funds for social services.

Non-profit agencies are discouraged from donating private funds to the State for Title XX matching purposes because of federal restrictions on such funds.

The requirement for an annual services plan makes long range planning and coordination with other services, which have longer planning cycles, difficult.

The Administration's proposal to place a cap on Title XX training would interfere with our efforts to improve the efficiency and effectiveness of Title XX funded services.

To remedy these problems, we recommend and/or support:

Representative Corman's bill (H.R. 2724) which would provide for permanent increases in Title XX funds in 1980 and 1981. Adjusting the Title XX allocations according to the cost of living beginning in 1982 should also be considered.

H.R. 2724 and H.R. 2469 which would preserve permanently the special allocation for child day care services (with 100 percent federal financial participation).

Representative Stark's bill (H.R. 2469) and H.R. 2724 which would make the fiscal year 1979 increase permanent.

An amendment to permit states to obligate and/or spend funds against any Title XX increase for two years instead of within one Federal fiscal year. If this is not possible, states should be permitted to at least both charge and credit a given Federal fiscal year for all transactions applicable to that year for a period of twelve months after termination of that fiscal year.

That the costs for state management improvement activities be exempted from the ceiling, and therefore, treated like training costs.

The deletion of present restrictions concerning private funds donated by nonprofit organizations to the State for Title XX matching purposes.

An amendment which would permit states to choose a one, two or three year planning cycle.

That any legislation to place a cap on Title XX training be opposed.

Part II, titles IV-A and IV-B

We are in agreement with most of the goals and concepts included in Representative Brodhead's bill (H.R. 1291) and Representative Miller's bill (H.R. 1523). Provisions we specifically support are:

The maintenance of effort provision concerning services, and the requirement that new funds cannot be used to expand foster care.

Greater flexibility in federal financial participation in AFDC foster care costs.

Integration of planning.

Continuing federal financial participation in foster care as an open-ended entitlement.

Those provisions which would provide federal financial participation in adoption subsidy payments.

Concerning adoption subsidies, we agree with H.R. 1523 that a child should not have to be AFDC eligible before his adoptive parents can receive a subsidy.

We believe, however, that the eligibility criteria in this bill should also permit immediate placement with subsidy, for a very hard-to-place child when it is in his best interest.

We agree with the Administration's proposal that these children should be eligible for Medicaid and that there should be a liberal means test for adoptive parents.

There are other requirements in these bills which are overly stringent and would be difficult if not impossible to implement. These provisions concern:

Preventive services

These bills require that no child will be placed in foster care unless the family has been provided "adequate preventive services". We are in agreement with this concept, but there is totally insufficient funds authorized in these bills to carry out this mandate.

Impartial review

The requirements concerning impartial case review would make significant, costly, and excessive changes in our recently established judicial case review procedures.

Verbatim records

The requirement to provide the right to a written or electronic verbatim record of a fair hearing is burdensome, costly, and unnecessary.

As a whole, we prefer the more flexible provisions in the Administration's proposal, although we oppose a cap on AFDC foster care expenditures.

STATEMENT

I am Ann Klein, Commissioner of the New Jersey Department of Human Services. I appreciate the opportunity to testify before you today on Titles XX, IV-B and

IV-A of the Social Security Act. As the umbrella social services agency in New Jersey, we administer funds from these titles.

The first part of my testimony will concern Title XX and bills H.R. 2724 and H.R. 2469. The second part will concern Title IV-A foster care and Title IV-B child welfare services and bills H.R. 1523, H.R. 1291 and H.R. 2684.

Title XX is a conceptually sound and vital program for the development and provision of social services. Over 335,000 individuals are provided essential services with the $92.3 million allocated to New Jersey under this Act. It promotes coordination of social services and extensive public involvement in the planning process.

I'm sure you have become weary of hearing that programs are not adequately funded. Unfortunately, because of inflation which has diminished dollars far faster than they have been added, and the changing demographic nature of society which places increasing demands on social services systems, I have to tell you that this program cannot live up to its mandate or its very real promise unless the problems relating to this funding level are addressed.

A most serious problem is the real dollar decline of Title XX funds because of inflation while the demand for social services has increased. In New Jersey, from 1973 to 1978, there has been a 250 percent increase in child abuse reports. The increase in reports of abuse of the elderly, especially in some boarding homes, is also shocking. Spouse abuse has also emerged as a significant social problem. Deinstitutionalization of the mentally ill and retarded has increased demands for community based services such as homemaker and adult activity centers. Yet applications for social services totaling over $16 million were denied last year because of insufficient Title XX funds.

We support Representative Corman's bill (H.R. 2724) which would provide for permanent increases in Title XX funds in fiscal years 1980 and 1981. Adjusting the Title XX allocations according to the cost of living beginning in fiscal year 1982 should also be considered.

This funding problem is exacerbated by the cost and need for child day care which places limits on the amount of Title XX funds which can be used for other services. New Jersey has committed 25 percent of its Title XX funds for this service. Among all services, child day care receives the most funding under Title XX nationally as well.

The main reason there is such a great demand for child day care is that more mothers today are employed. Among all women with children under 6 years of age, 44 percent work, and with children ages 6 to 17, 60 percent work. In most instances they are working as either the sole support of their dependent families or to supplement the first income which is no longer adequate to support a family.

The school calendar and the school day, which are anachronistic and designed to meet the needs of an agricultural era, hinder the working mother by releasing children in the afternoon, without providing after-school day care services. As a result, parents must either find short term day care services on their own, or the young child is placed in the potentially dangerous position of being left home without adult supervision. Some day care money is spent on after school programs but it is totally inadequate to fill the very large gap. At the same time, these expenditures for after school day care are taxing the rest of the social service system.

The possibility of taking child day care services out of Title XX and funding it as a separate program should be carefully explored. It is a strong competitor for scarce funding and has developed a vocal constituency which would support independent funding. However, coordination of child day care with other services, such as public assistance and protective services, is essential until such time as day care becomes universal and easily accessible.

Pending resolution of this issue, we support H.R. 2724 and H.R. 2469 which would preserve permanently the special allocation for child day care services (with 100 percent federal financial participation).

We welcomed the fiscal year 1979 increase in Title XX funds ($6.8 million) but its temporary status did create problems. We were unsure if we funded any new programs this year whether there would be funds available for them the following year. This creates incentives for states to use these funds to claim eligible state expenditures against Title XX rather than fund new programs or expand existing ones.

The very difficult decision was made in my state to allocate half of the increase in Title XX funds for social services in fiscal year 1980 and an equal amount of state money in 1981, thus providing some continuity of funding. Our fiscal year 1980 allocation of $3.4 million will be used to cover legitimate inflationary costs in contract services, and to continue and/or expand homemaker home health services for the elderly, adult protective services for residents of boarding homes, work activities for mentally retarded, Hispanic services, special programs for spousal abuse, Citizen Advocacy for the mentally retarded, and management improvement.

Because the special allocation for child day care services is also temporary, we do not know from one year to the next whether we can count on these funds.

We support Representative Stark's bill (H.R. 2469) and H.R. 2724 which would make the fiscal year 1979 increase permanent. Because of the great need for social services and limited resources to meet these needs, it is important that new Title XX funds be used in the most effective manner possible. This is not possible unless we have sufficient time in which to plan for new services. We did not know until the very beginning of the Federal fiscal year and one quarter into the program year that we were going to receive the fiscal year 1979 funding increase. Title XX requires that these funds must be spent within the fiscal year. This time frame makes effective utilization difficult if not impossible.

Many other similar social service programs are permitted to at least obligate funds the first fiscal year then spend them the following year, which is not permitted in Title XX.

We recommend an amendment to permit states to obligate and/or spend funds against any Title XX increase for two years instead of within one Federal fiscal year. If this is not possible, states should be permitted to at least both charge and credit a given Federal fiscal year for all transactions applicable to that year for a period of twelve months after termination of that fiscal year.

It is also important that planning, evaluation, and administration in Title XX be improved. Because of the funding mechanism, it is difficult to allocate sufficient resources to these activities since they must compete with social services for scarce funds. Yet improvements in these areas are needed if we are to assure maximum service benefit for each dollar spent.

We recommend that the costs for state management improvement activities be exempted from the ceiling, and therefore, treated like training costs.

Title XX requirements concerning donated private funds have interferred with our efforts to develop a reliable funding source for some Title XX services. The Act prohibits reimbursement of expenditures made from private donated funds unless such funds are transferred to the State, are under its administrative control, and are donated without restrictions except in certain exceptions. Understandably individuals and private organizations are reluctant to donate funds to the State without any assurance that their contributions will benefit an agency of their choice.

The ongoing receipt of revenue from private non-profit sources is an integral part of our purchase of services program. Unless the law can be changed in this regard, we can anticipate a decline both in the number of private donors and the total amount of revenue available to the State from private sources. Because of severe budgetary restraints, it is unlikely that this decline can be offset by public funds. Thus, we can expect a reduction in the volume and/or quality of available services.

We agree with the intent of this requirement which is to retain the State's independent role in planning for social services based on need rather than the source of matching funds. We believe this intent can be met equally effectively, yet in a more flexible manner, through administrative means.

We strongly recommend the deletion of present restrictions concerning private funds donated by non-profit organizations to the state for Title XX matching purposes.

The planning process could also be improved by extending the planning cycle. Since most states are at their ceiling and there is little or no expansion of services, the requirement for an annual services plan seems unnecessary. Extending the planning cycle would permit states to engage in longer range planning and improve the efficiency of the planning process. It would also permit states to coordinate their plans more effectively with other social services programs (such as the Older Americans Act), some of which have planning cycles up to three years. This is also another reason for extending the spending cycle.

We, therefore, recommend an amendment which would permit states to choose a one, two or three year planning cycle.

Lastly, I am very concerned about the Administration's proposed cap on Title XX training. The most effective way of improving the administration of social services is by expanding, not limiting training opportunities. At the very least we need a well trained cadre of professionals to meet the often desperate needs of our clients. The training needs of the 13,000 workers in New Jersey's Title XX funded programs have barely been met.

We strongly recommend that any legislation to place a cap on Title XX training be opposed.

I believe that these recommendations will substantially improve the Title XX process. Because Title XX promotes coordination, flexibility, and public involvement in the delivery of social services, it is the type of program which also creates public confidence in government. Title XX has proven a successful experiment in developing a partnership between the state and federal governments and the public and private sectors to improve and strengthen social services.

Historically Title IV-B funds have enabled the federal government to cooperate with the states in establishing, extending and strenthening child welfare services.

Child welfare services are defined in broadest terms as public social services designed to (1) prevent or remedy problems which may result in neglect, abuse, exploitation or delinquency; (2) protect and care for homeless, dependent or neglected children; and (3) protect and promote the welfare of all children including the strengthening of their own homes where possible or, where needed, the provision of adequate out-of-home care.

The goals of child welfare services in New Jersey have always been in concert with federal definition, i.e., strengthening and maintaining families. That commitment is reflected by the fact that of the 48,000 children and their families to whom we provide child welfare services, three-fourths of such children receive services enabling them to remain in their own homes, while the remaining 25 percent are, of necessity, in out-of-home placement. We have furthered our effort by applying for and receiving federal grants to provide additional in home service to prevent placement. We have found the specialized services provided under these grants to be highly effective and would incidentally encourage increased funding of such grant programs.

New Jersey also recently implemented a Child Placement Review Act designed to provide independent review of the necessity of initial out-of-home placements by citizen panels acting as an arm of the court. The law further requires case planning towards permanency and periodic reviews of progress towards goal achievement. Our adoption subsidy program has been in effect since 1973 and would be greatly strengthened by federal participation.

For the fiscal year beginning July 1, 1979, New Jersey will be expending approximately $40 million in state funds for child welfare services, including foster care and adoption subsidies, but excluding Title XX matchable child welfare services. We can anticipate only approximately $1.5 million from the federal government for child welfare services and foster care under current Title IV-B funding levels. Obviously, this is insufficient funding to meet the goals of this Act.

We support the Administration's request to increase IV-B to $141 million this year and to fully fund it in the future. This would greatly enhance the federal/state partnership in services to families. We support those provisions of House bills which would fully fund IV-B this year and which would reduce or eliminate state matching requirements. New Jersey would receive a maximum of about $5.8 million if the full authorization in this legislation was appropriated.

Except for provisions related to adoption subsidies, H.R. 1523 and H.R. 1291 are almost identical bills which attempt to reform child welfare services. We support their goals and concepts of reducing unnecessary foster placements, planning for and providing permanency for children, facilitating adoption, improving accountability and services, and insuring due process to children and their families, in their relationship with the State.

We support the maintenance of effort provision concerning services, and the requirement that new funds cannot be used to expand foster care.

We support those provisions which would provide federal financial participation in adoption subsidy payments.

We support greater flexibility in federal financial participation in AFDC foster care costs, and we support integration of planning.

We support continuing federal financial participation in foster care as an open-ended entitlement under Title IV-A. Placing a cap on these expenditures would discriminate against a state like New Jersey which only recently enacted a judicial child placement review system and became eligible for increased FFP.

Despite our support of the above provisions, these bills contain some very stringent requirements which would seriously complicate their implementation. I will briefly discuss some of the major issues:

Preventive services

These bills require that no child will be placed in foster care voluntarily or involuntarily unless the family has been provided "adequate preventive services." We agree that preventive services should be provided but such services are not always available. Perhaps almost all children could remain in their own homes if we could indeed provide the degree of on-site service necessary to care for them.

There would certainly be far fewer crises for instance, if so many children were not being supported at two-thirds of the poverty level. Unfortunately, these bills do not provide for sufficient funding to insure that such services are available nor is the country doing anything to assure that millions of children do not live at a subsistence level.

Impartial review

The requirement in these bills for impartial case reviews and dispositional hearings are unnecessarily specific and provide almost no flexibility in terms of implementation. Our recently enacted Child Placement Review Act meets the goals of these bills but has different administrative procedures and a different schedule for case reviews.

These bills require excessive changes in our placement review procedures which are not needed.

The requirement that there be available court appointed representation at administrative dispositional hearings would prove very costly, especially since the agency would then also require legal counsel as a cost of administration. Currently New Jersey provides for such representation at all court hearings. Parents may always seek a court hearing if they are dissatisfied with the result of an administrative review.

Federal payments for voluntary placements

These bills permit federal payments for children who are AFDC eligible and will be voluntarily placed in foster care without a judicial determination. We support the intent of this provision.

In this regard, we also support Representative Downey's bill, (H.R. 2684) which we understand provides for retroactive eligibility, thus permitting federal payments for those AFDC children voluntarily placed prior to the enactment of our Child Placement Review Act.

Verbatim records

The requirement to provide the right to a written or electronic verbatim record of a fair hearing is burdensome and costly. The right, provided in these bills, to obtain written findings of fact and conclusions, and a written decision on those findings, should be sufficient. Verbatim recordings are rarely necessary or functional.

Adoption subsidy payments

H.R. 1291 and H.R. 1523 differ substantially in their provisions concerning adoption subsidies. Both bills reflect a positive and laudable commitment by the federal government to provide federal financial support for the permanent placement of children. We are very committed to our subsidized adoption program in New Jersey and are convinced of its great need. Over one thousand hard-to-place children have been adopted with the help of our subsidy program.

Eligibility

We disagree with H.R. 1291's requirement that a child must be AFDC eligible before his adoptive parents can receive a subsidy. Since the child's previous financial status bears little relation to the need for subsidy in an adoptive home, this requirement would leave a substantial number of children, with equal need, ineligible for federal subsidy.

This problem is remedied by H.R. 1523 which does not require an income requirement concerning the child.

H.R. 1523 requires that before a child is eligible for subsidized adoption, six months of diligent efforts must have failed to provide an unsubsidized home, or significant emotional ties have developed between child and foster parents, and they seek to adopt him. If we are fortunate enough to have a home for a very hard-to-place child (such as a child born with Downs Syndrome) but the home required subsidy, it would be a disservice to the child to maintain it in temporary care for six months.

Means test for adoptive parents

Neither bill requires a means test for adoptive parents to receive a subsidy. We agree with this requirement in cases where a child's medical expenses are unusually high, since this would discourage even higher income families from adopting. In other cases, where only the ordinary cost of child care is involved, a liberal income limit should be established.

Medical costs

Medical costs are very high for some hard-to-place children because of their particular disability. It is important that the amount of any subsidy include such costs when appropriate. Although H.R. 1523 appears to do this, it is unclear in H.R. 1291. The requirement in H.R. 1291 that the amount of subsidy may not exceed the rate for AFDC foster care is very unrealistic if this also includes medical costs.

In conclusion, we are in general agreement that an adoption subsidy program should be required and that some national standards should be established. We are very concerned, however, about the other administrative requirements which I have discussed. They are overly stringent and will seriously interfere with the implementation of this legislation. The Administration's proposal would provide for greater flexibility concerning all of these elements, although we oppose the cap on AFDC foster care expenditures.

Unless the federal government is willing to commit many times the amounts included in these bills, new monies will of necessity, go towards meeting the complex administrative requirements and our efforts will fall short of our mutual goals. States must have the flexibility to implement these elements in ways consistent with their needs and resources.

Mr. **Corman**. Mr. Farrington, do you have a statement?

Mr. **Farrington**. Yes.

Mr. **Corman**. We will hear it.

Mr. **Rangel**. Mr. Chairman, I want to make an observation. It is rather shocking to find that the preventive services were so costly but I think you used it as a substitute for real income. In view of the fact that the only thing that separates your State from my State is the Hudson River, I notice a marked difference in the allocation for AFDC between our States—about $100 a month for a family of four.

Ms. **Klein**. Mr. Rangel, there is a marked difference in allocations for everything between your State and our State and the AFDC program in New Jersey is just totally inadequate as far as I am concerned. Your State provides a grant supplement to the regular grant. Our State has no special supplement for either high rent, high utilities or unusual costs. We have a flat grant. It was established in 1970 and since then it has increased by 15 percent. Ten percent in 1973 and 5 percent last year.

The legislature this year is about to pass a bill, appropriations bill that will provide a 2½-percent increase. In 1970, we were at 85 percent of the poverty level and we are now at 68 percent.

Mr. **Downey**. Would it be fair to say then that New Jersey, with respect to AFDC foster care, has been less than generous?

Ms. **Klein**. It certainly would, but we are 26th among the States which means there are 20 some odd States that are less generous than we are.

Mr. **Downey**. Even less generous.

Mr. **Rangel**. You would not want to stick by that as an excuse.

Mr. **Downey**. One of the points you made that troubled me, and we resolved the semantical difference, is that you were saying how child welfare services are not inexpensive and I think we can agree they are not inexpensive, especially with respect to your State's history, and that in some instances conceivably could be more expensive.

In light of what you just told us and what Mr. Rangel just read with respect to the level of benefit, isn't it safe to assume that they are pretty low to begin with and maybe child welfare services in a State like yours that are much cheaper than your grant, but your grant level is so out of step with the rest of the country or with part of the rest of the country, that in other places like New York the child welfare services are much less expensive.

Ms. KLEIN. Mr. Downey, with all due respect, I don't think we are so out of step with the rest of the country. There are a couple of States that are considerably more generous.

Mr. DOWNEY. I like New Jersey. I drive through it often to come here.

Ms. KLEIN. I don't think the question of poverty for children of AFDC is limited to New Jersey.

Mr. DOWNEY. I wanted to say, New Jersey's grant level seems to be lower and in their State it might be conceivable that keeping kids on foster care might be cheaper than services, but I don't think that is the case with our great State.

Mr. RANGEL. I guess it is semantics but the point is clear if what you are saying is that you need to increase the income of these families before you can compare the cost of foster care. The less a State provides or the less a State contributes, the more moneys that you would say would have to be considered preventive services, so it really does not make any difference if you gave nothing.

Obviously it would be more expensive to have preventive services than foster care. And the lower the amount, based on the cost of living in a particular area, the more problems are created. As you so eloquently told the committee, that lack of dollars is the major factor in family problems.

We are not trying to be critical of New Jersey. Our purpose it is just to be realistic about the degree of the problems that you would face in New Jersey based on the absence of $100 a month for a family of four.

Ms. KLEIN. From what I read about the cost of living in New Jersey, New York and the way people are responding to problems there, the people in New Jersey don't feel they have an adequate poverty level. They don't have a poverty level under their families either despite the fact it is higher than what we are providing.

Mr. DOWNEY. We agree with you.

Mr. RANGEL. I don't think there is any basic disagreement but I don't see how you can get away from the point. The less a State contributes toward their own, the more dollars would have to come from someplace else to prevent kids from going into foster care.

Ms. KLEIN. Our State puts a lot fewer children in foster care than proportionately—I heard today New York has 40,000 children in foster care. We have 11,000 or 11,005 in foster care.

Mr. RANGEL. Maybe a difference in population, too.

Ms. KLEIN. Your population is twice the population of New Jersey so if we were relatively the same we would have——

Mr. DOWNEY. In fairness, Ms. Klein, wouldn't New York bear some of the burden of having children who run away from Wisconsin and come to New York. They don't run away from Wisconsin and live in Trenton. That has been one of our problems.

Ms. KLEIN. We do come from urban states, we come from northeast states, we are not getting a fair break on any of the formulas, 50-50 on medicaid, 50-50 on welfare.

We do have urban problems. We have unemployment, we have families who are just falling apart. There is nothing that I see in the way Federal aid is being distributed that is recognizing that. We should not compare with each other.

Mr. Rangel. We also have states giving income tax cuts, too. Both of our states.

We want to thank you. I don't think we have any problems with our goals and objectives. The basic problem is just where the dollars will come from.

The subcommittee stands in recess until 10 minutes of 2.

[Whereupon, at 1:20 p.m., the subcommittee recessed, to reconvene at 1:50 p.m.]

Afternoon Session

Mr. Corman. The subcommittee will come to order.

We have next on our witness list Congressman Willis Gradison from Ohio. I am pleased to welcome you back as a witness, but saddened to have lost you as a member of this subcommittee. Your contribution was tremendously important and effective. I am pleased you thought enough of us and the issues discussed today to testify. I would be more pleased if you, as a member of the full committee, would help us get this bill passed.

STATEMENT OF HON. WILLIS D. GRADISON, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. Gradison. Thank you, Mr. Chairman. It feels like coming home. Thank you for that very gracious welcome.

Mr. Chairman, I am here to speak on behalf of a most important issue that requires the immediate attention of the Public Assistance and Unemployment Compensation Subcommittee. The authority for States to use funds provided under title XX of the Social Security Act for alcohol and drug abuse detoxification centers expired on September 30, 1978. This authority, introduced into title XX in the 94th Congress, has only been exercised by two States: Ohio and Maine. I am here seeking your support for the 10 critically needed detoxification centers in Ohio which are currently facing complete shutdown.

My request entails no increased spending. The provision merely allows the States to use the funds they are already entitled to for the financing of their detoxification centers. It's my understanding that Senator Long, of the Finance Committee, the Department of HEW, and Chairman Corman of this subcommittee all support establishing permanent authority for the use of title XX funds for detoxification centers. I am here to urge the Subcommittee to join the chairman in reinstating this provision as expeditiously as possible, perhaps by bringing to the floor a separate bill to be considered under Suspension of the Rules.

Thank you, Mr. Chairman.

Mr. Corman. Thank you, Mr. Gradison. I expect that provision will probably be in the bill, but I imagine it will be a part of the title XX bill, and perhaps the Senate will act more quickly this time than last. Mr. Rangel?

Mr. Rangel. You would prefer it be part of a broad package anyway?

Mr. **Gradison**. My principal concern right now is a problem of timing. The staffs are in place, and we are concerned about the fact that in closing the centers, the staffs will be dispersed and the services no longer will be available. So that while I certainly understand that the subcommittee may well decide to incorporate this in a larger package, I have to say in all frankness that if this is something that becomes a part of a package and becomes law 6 months from now, it will mean in many of the communities of our State, Mr. Chairman, starting over.

Mr. **Rangel**. You say there are only two States, though?

Mr. **Gradison**. To the best of our information, we have only two States that have ever used funds under title XX for this purpose, which are Ohio and Maine. There may be more, but those are the only ones I am aware of.

I could not help but suspect maybe Louisiana was one of them. I heard of the Chairman of the Finance Committee's interest in this. He has put in a separate bill on this. I think it would be helpful, Mr. Chairman, if the subcommittee sees some merit in this, if there were some way the subcommittee could indicate this, even if it is to be incorporated in a larger package, because that then makes it possible for us to go back to Ohio and urge them to go ahead with their own funds in hopes that later on it may be reimbursible under title XX.

Right now, if it were not renewed, there is a question whether it would be reimbursed. While they will be taking a chance in any event, we might take a lesser chance if there were reason to think the Subcommittee looked favorably upon the idea of permitting use of title XX funds for this purpose.

Mr. **Corman**. Any further questions? Mr. Downey.

Mr. **Downey**. I am just being filled in by the staff on your statement, but I think our colleague makes a pretty good case for it. I have no questions.

Mr. **Gradison**. Thank you, Mr. Chairman and members of the subcommittee. It has been nice to be back.

Mr. **Corman**. Our next witness is Mr. Raymond Farrington.

STATEMENT OF RAYMOND FARRINGTON, ACTING DIRECTOR OF PROTECTIVE AND CHILDREN'S SERVICES, STATE OF CONNECTICUT

Mr. **Farrington**. Thank you, Mr. Chairman.

Mr. **Corman**. If you promise your summary will not be longer than your predecessors', we will let you proceed.

Mr. **Farrington**. It will not be long. I must apologize for the fact that my statement has not arrived. The packet of materials is back in Connecticut, but we will get this to you.

My name is Raymond Farrington. I am the acting director of Protective and Children's Services, State of Connecticut. That is the department of children and youth services for the State of Connecticut.

I would like to thank the committee for this opportunity to present to you the thinking of the staff and myself from the State of Connecticut, because we in Connecticut believe that we have a very dynamic and interesting system of delivering services for children and their families. As you may or may not be aware of, Connecticut has a total program for children and families that is separate from the Department of Social Services or the typical child welfare services system. It is what we believe a comprehensive approach to families and to children.

We have a single-entry system, an intake system for our children; that is, children, regardless of their problems, are seen at one entry point. So, a child who may have emotional problems as well as one who is neglected and or abused is seen as an individual, and the whole range of child welfare services, delinquency services, and mental health services are provided for that child under one agency structure.

Mr. CORMAN. May I ask what is the needs testing provision for the parents of the children you service? Can you take care of any child who is in need of help?

Mr. FARRINGTON. Any child who needs it in the State of Connecticut, Mr. Chairman, is eligible for our services.

Mr. CORMAN. Is there no needs testing on the part of the parents?

Mr. FARRINGTON. In certain programs. For example, we do have what we call the noncommitted treatment program or the voluntary placement program, so that there is a means test.

Mr. CORMAN. But for the psychiatric help or psychological help?

Mr. FARRINGTON. There is no means test available.

Mr. CORMAN. Are parents required to pay if they are able?

Mr. FARRINGTON. If they are able to pay. It is a sliding scale.

I would like to speak to the Child Welfare Services Program as proposed in the legislation. We believe that in Connecticut we have done several things that can serve as a model in terms of accountability; whereby children who are within the system are not lost in that system. We have a management information system to identify the child entering the system and to follow that child throughout the system. We have the 6-months' review. It is a case review and not a judiciary review of all the children within our program.

We would advocate that our system be looked at in terms of the legislation that is pending around the six months' review.

We would like to support the portion of the bill that does permit voluntary placement of children when that seems to be needed. Connecticut now has a non-committed treatment program, in which we have approximately 1,100 children, who were placed without the judiciary process. These were children whose families and the Department agree that out of home placement is the best possible alternative for that child at this time. We would like to see the Federal funding of that kind of program in order to avoid the means test that is currently applied with this program.

The other portion of the legislation that is of interest to us is the adoption subsidy program. Currently approximately one-fourth of our children who are adopted now are by benefit of a subsidy. Connecticut law requires that only 75 percent of the foster care rate be paid to the parents who adopt these special needs kids.

The changing complexion of adoption indicates that a large majority of these children should be classified and are looked upon as special need kids, that is, children who are physically or emotionally handicapped, and for whom adoption placement 10 years ago was not seen as a possibility, but we believe that the ability to pay the foster parent the same rate they are getting would actually encourage adoption of these children rather than discouraging adoption of these children.

We would like to see that as one of the key portions of the legislation that is proposed before you, Mr. Chairman, adopted, that the current foster care rates be paid to the adopting family, and we would like to see the means test done away with for that process.

In Connecticut last year we passed a bill to provide 100 percent medical subsidy of these children. All of the adoption money, as most of you know, is State funds at this time, and we would like to see a Federal subsidy of the medical programs.

The problem that we see with the foster care protection provision in 1523—that is, the portion that requires provision of adequate preventive services prior to placement—while in philosophical terms we would agree with that, however, we are aware that there are a lot of children for whom preventive services for a variety of reasons, Mr. Chairman, are not available, and we would like to see some change in the language there to either, No. 1, insure that those preventive services could be presented, or, No. 2, that placement of that child may be necessary to prevent further harm to that particular child.

Mr. RANGEL. Who would make that determination?

Mr. FARRINGTON. I would like to see that be a joint decision by the parent and the agency.

Mr. RANGEL. And you are saying that the agency may not be able to provide any service?

Mr. FARRINGTON. No. For some children, for some families, because of their conditions, Mr. Rangel, other services may not be available.

Currently, what we do with those children now is to place them on emergency bases under the Child Protective Services provisions, but I would like to see that expanded, along with the voluntary placement process, where those children could be placed for a limited period of time until whatever services that are not available are made available or the ability to purchase the needed service, and usually you are talking about services that parents are in need of and not services that children are in need of.

Mr. RANGEL. What kind of services are you talking about?

Mr. FARRINGTON. The provision of psychological services for parents, the provision of services to correct addictive habits, and those kinds of services that the parents themselves are in need of.

Mr. RANGEL. That sounds like it would be covered by emergency placement.

Mr. FARRINGTON. But emergency placements have a maximum of a 90-day period, and what we would suggest is a 6-months' period, which is long enough to be able to get the service and to help resolve some of the problems, and yet not be pressured with the 90-day limit, and then being forced to go for a commitment when in fact a commitment is not indicated.

I think one of the problems that exists is the fact that a lot of cases are processed through the juvenile court process because of the non-Federal participation in the funding.

Mr. RANGEL. Is that the extent of your prepared remarks?

Mr. FARRINGTON. Yes, it is.

[The prepared statement follows:]

STATEMENT OF RAYMOND FARRINGTON, A.C.S.W., ACTING DIRECTOR, CHILDREN'S AND PROTECTIVE SERVICES, DIVISION OF THE CONNECTICUT STATE DEPARTMENT OF CHILDREN'S AND YOUTH SERVICES

I want to take this opportunity to express to you why these Proposed Legislations (1523 + 1291) before you are so vital and how they can successfully provide for higher quality of care and commitment to children and their families.

Connecticut, through a major reorganization of Children's Services, has the distinct advantage of providing comprehensive services to all children and youth and those who are mentally ill, emotionally disturbed, abused and/or neglected, delinquent, as well as necessary services to their families. Therefore, it is clearly documented that the need for a comprehensive national policy for children and families be established. The proposals under consideration will provide for a strong foundation for such a policy. The approach that you are considering is both comprehensive and profound. I would like to highlight briefly, Connecticut's experiences in order to demonstrate how important these changes can and will be to the fabric of social services in America.

There are four significant areas of progress that we have notes:

I. The reduction of fragmentation of services to children and families was achieved through a consolidation and reorganization of one department for children and youth services which now: (a) has the administrative single authority for planning and coordinating children's and youth services, (b) is the proactive advocate and key leader for all governmental and non-governmental services for children and families, and (c) provides comprehensive and integrated diagnostic and treatment services (which include preventive services) to all children and youth.

II. The improvement of quality care in the delivery of comprehensive child and family services is reflected in (a) increased attention, awareness, and (for the first time) implementation of services for primary prevention of child, youth and families,' social and emotional problems, (b) departmental focus on developing a single entry intake point which can meet the needs of each child and family through comprehensive program services for diagnosis, treatment and follow up, (c) heavy emphasis on the full utilization and cooperation with private sector agencies and professionals in helping the public sector set policy, plan for the deliver services, (d) emphasis on proliferating community-based services, as opposed to increasing institutional services, (e) specific coordination and close collaboration which integrate traditional separate networks of child welfare, child mental health and juvenile delinquency services into a responsive continuum of care spectrum for diagnosis, treatment and evaluation, (f) supporting documentation that there has been a significantly large overlap of the same children and families previously serviced separately under abuse/neglect, delinquency and mental health services, (g) "team planned" treatment greatly enchancing efficient and effective services to meet the multi-problem needs of children, youth and families.

III. More effective utilization of limited federal, state and local funds and resources on behalf of children and their families has resulted from:

1. Setting up single entry intake, multiple service units (from separate funding sources) to provide diagnosis and treatment planning, and then allowing for the money to follow the child and family through a combination of child welfare, mental health and delinquency service networks (financed through more restrictive categorical funding streams). Previously, each of the three separate networks fostered costly duplicated diagnostic and treatment services that were either underutilized or unnecessarily repeated for the same child depending on which intake point and, therefore, which label was given that child (delinquent, abused, schizophrenic) when he/she entered that particular network. Experience has taught us that these are usually multi-problem children who, in fact, have more than "one problem label" and need services from more than one of the three major networks Public/private collaborations around service programs for which everyone has a commitment and responsibility, notably including primary prevention.

IV. Through the use of a sophisticated computerized management information system:

a. Increased ability to be better case managers through immediate data base update and retrieval,

b. To be more visibly accountable to families for services provided, with less duplicative paperwork for the caseworkers,

c. More cost effective services through the cross-comparisons and analysis of all data relating to: clients, staffing, treatment planning, service provision, financial accounting, across goals, objectives, programs, services, client types, and budgeted line items.

Therefore, I would like to specifically address several of the changes before you:

TITLE IV-B

As the Title IV-B agency for the State of Connecticut, I would welcome the expansion and flexibility of the Act to support the purposes and missions of permanent planning for each child. Permanent planning for each child requires a high degree of professional commitment and accountability. In recognition of this accountability to each and every child, the state must mobilize a comprehensive case management approach with responsive treatment policy reviews.

This requires not only careful planning but deliberate execution, and cannot be readily implemented without additional resources and support. In this regard, I would encourage you to consider the position taken by the American Public Welfare Association to provide for a minimum of 90% match with state funding allocation.

ADOPTION ASSISTANCE

Connecticut, presently administers a successful and fruitful subsidized adoption program. From long experience in the positive outcomes of such a program, I would strongly urge you to consider the proposed adoption subsidy whereby the agency and the adoptive parents agree to a consensual rate, not to exceed the foster home rate (currently, Connecticut provides up to 75% of foster care rate).

Experience indicates that families of limited means are reluctant to adopt special-need-kinds with handicapping conditions unless there is assurance of medical assistance, I urge that medicaid eligibility for adopted children with pre-existing physical ills be continued until age 21.

Such an adoption subsidy provides for meeting the permanent placement needs of "special need" children, particularly for the hard-to-place older children. One-quarter of the children under our care in adoptive homes, fall under this special program.

VOLUNTARY PLACEMENTS

1168 of Connecticut's DCYS children are presently served in an effective voluntary placement program. This program, however, is severely limited to accepting the total number of children who could benefit by limited state funding. We would be most in favor of federal participation in this program and agree with the sixth month treatment review standard set by legislation. I would suggest that this be an administrative review rather than a Judicial Review after six months; and that after 18 months there must be a court hearing. We have ensured that 100 percent of DCYS children have such a regularly reviewed treatment plan and have found it to be an effective clinical tool for those children on the voluntary program, particular in the timely reunification of the family.

Mr. RANGEL. Mr. Downey?

Mr. DOWNEY. No questions.

Mr. RANGEL. Mr. Rousselot.

Mr. ROUSSELOT. No questions.

Mr. RANGEL. Thank you so much. The committee will be anxiously awaiting your prepared testimony to take a hard look at the structure in Connecticut.

Mr. CORMAN. Does anyone here know when Governor O'Neill is arriving? About 10 minutes? Well, we will call on the next witness.

Our next witnesses are Hans Cohn and Laurie Flynn.

We are pleased to welcome you all. If you have a written statement, you may submit it for the record and summarize your testimony.

STATEMENT OF HANS COHN (EXECUTIVE DIRECTOR OF ROSEMARY COTTAGE, PASADENA, CALIF.) ON BEHALF OF THE CHILD WELFARE LEAGUE OF AMERICA, INC., ACCOMPANIED BY ELIZABETH COLE, DIRECTOR OF THE LEAGUE'S NORTH AMERICAN CENTER ON ADOPTION; CANDACE MUELLER, DIRECTOR OF THE LEAGUE'S HECHT INSTITUTE FOR STATE CHILD WELFARE PLANNING; AND WILLIAM PIERCE, ASSISTANT DIRECTOR OF THE CHILD WELFARE LEAGUE, AND DIRECTOR OF WASHINGTON OPERATIONS

Mr. COHN. Thank you, Mr. Chairman.

My name is Hans Cohn. I am the executive director of Rosemary Cottage, in Pasadena, Calif., and I am appearing today on behalf of the Child Welfare League of America. We appreciate the opportunity to testify. We do have a detailed statement which I would like to submit for the record.

Mr. CORMAN. Without objection, it will appear in the record.

Mr. COHN. I will summarize the material at this point.

Accompanying me today, on my right, is Elizabeth Cole, director of the League's North American Center on Adoption; on the left, Candace Mueller, director of the League's Hecht Institute for State Child Welfare Planning; and William Pierce, assistant executive director of the league and Director of its Washington operations.

Our view on the several bills before you may be summarized in four sentences. First, we support full funding of the child welfare services program, title IV(B), at the $266 million level, as an entitlement. We support the mandating of case work procedures and other protections to insure that the rights of families and children are respected. We support enactment of subsidized adoption legislation. We support continuation of the AFDC-foster care program on an open-ended basis.

We are pleased that much of the testimony you have received today, particularly that of the Children's Defense Fund which has very carefully studied these issues in their study "Children Without Homes," is very much along the lines of our stand.

We believe that, with the addition of the amendment offered by Mr. Downey, H.R. 2684, the bill introduced by Mr. Broadhead, H.R. 1291, embodies the four essential points we support.

A large part of the material in the 43-page statement submitted for the record consists of our comments on the administration's proposal, H.R. 3222.

We would like to make these points as key issues in the administration bill.

The adoption subsidy provisions of the administration still require a means test even though the administration's own Model Adoption Subsidy Act makes no such provision. We need the subsidy provisions enacted, but without a means test, as is provided in Mr. Brodhead's H.R. 1291. The administration appears to provide $1.5 million for services and activities that are already authorized, and for which money is already appropriated, under the adoption opportunities title of the Child Abuse Prevention and Treatment and Adoption Reform Act (Public Law 95-266). We believe the subcommittee should ask HEW why it apparently is duplicating an Act it has not yet been able to implement.

Our most basic disagreement with the administration proposals, and that which would hurt children and families most, is their proposal to place a ceiling on section 408, the AFDC-foster care program. The concept of a needy child's legal entitlement to foster care services has been upheld as one of our oldest social service responsibilities. It has been the responsibility of the State, in the tradition of parents patriae, to care for these children.

HEW and the administration surely must realize, as is evident from the experience in the States, that improving preventive and restorative services has the short-term result of increasing expenditures for out-of-home services. Our own study, second chance for families, makes this point and stresses that policymakers and administrators must recognize that the spending rate will sharply accelerate in the initial months of an improved service effort, but if the services are effectively provided, our research in three New York instances proves that eventually costs will go down.

The bottom line, Mr. Chairman, is that we cannot make these reforms work unless we have flexible and open-minded foster care funding available. We do not want to come back here in a few years to have the administration which is in office at that time say, no one told us we needed to keep the foster care program a flexible, open-ended resource. Mr. Chairman, we told HEW when they were drafting their bill.

We have found this subcommittee to be particularly responsive in respect to our recommendations for changes in Federal training programs. Your views about allowing contracts with nonprofit agencies, your willingness to allow payments for short-term training expenses, and your support for training of staff and volunteers serving in all capacities in provider agencies makes sense.

HEW said those improvements made sense when the title XX legislation was being marked up during the last session. HEW told you, Mr. Chairman, and you, Mr. Brodhead, that they would put these changes into effect through regulatory changes. But they didn't. So we believe this is an appropriate time to take a close look at the administration's three training proposals:

One, they want to cap title XX training funds; two, they want to reduce appropriations for section 426, child welfare training, from $8.5 million to $5 million for fiscal year 1980; three, they want to continue limited training provisions in their proposed child welfare legislative package.

The administration's proposals do not reflect the findings in HEW studies, the intent of this subcommittee, or those of us in the field.

We suggest that you implement, through your own legislation or through amendments to the administration bill, the changes that would have improved training which you thought HEW was going to make through regulations.

Most frustrating to us, and a major reason why our prepared testimony looks like a book, are the funding complexities and timing snarls built into the administration's proposals. Catch-22 has nothing over this bill, with variations in compliance deadlines, with built-in barriers that prevent claiming of the full title IV(B) money, and with "penalties" that may be cheaper to accept than compliance.

We realize that title XX is also on the agenda. We believe this is important legislation and support the leadership of the chairman, Mr. Corman, and Mr. Stark. Our views on this matter were expressed last week in the joint testimony offered by the national assembly on behalf of the 14 national organizations.

We also realize that you begin marking up these bills tomorrow. Frankly, within the subcommittee you have the material you need for legislation which will not only help children and families but also save money. We hope you report H.R. 1291, amended by H.R. 2684. Our technical amendments can be added now, or we will be pleased to work with subcommittee members when the legislation reaches full committee.

Thank you. We would be pleased to respond to your questions.

[The prepared statement follows:]

STATEMENT OF THE CHILD WELFARE LEAGUE OF AMERICA

My name is Hans Cohn, and I am Executive Director of Rosemary Cottage, a multi-service child welfare agency located in Pasedena, California. Rosemary Cottage is a member agency of the Child Welfare League of America, Inc., and I am appearing here today on behalf of the Child Welfare League a voluntary organization with nearly 400 voluntary and public child welfare affiliates in the United States and Canada. I also am authorized to speak on behalf of the California Association of Children's Residential Centers since Rosemary Cottage is a member of that organization. In addition, through the California Association, a member of the Office of Regional, Provincial, and State Child Care Associations (ORPSCCA), a division of the Child Welfare League, my comments reflect the views of nearly 1,000 additional agencies which provide services to children and their families.

Rosemary Cottage is a voluntary social agency with a strong base in Pasadena and the San Gabriel Valley. The agency has traditionally served teen-aged girls in residential treatment, group homes, and, most recently, in a runaway shelter. We serve up to 34 girls at any given time, and in the most recent year 130 were served in the residential treatment program and 270 in the runaway shelter. The agency is funded by fees, United Way and contributions raised by board and auxiliaries. This year, our operating budget is $550,000. Because of the limits imposed by Proposition 13 we have been unable to develop planned day treatment services which could be provided at considerably less cost than residential treatment for young women we are not now able to serve. A more detailed description of the agency is attached to this statement.

Accompanying me today are Elizabeth Cole, Director of the League's North American Center on Adoption, Candace Mueller, Director of the League's Hecht Institute on State Child Welfare Planning, and William Pierce, Assistant Executive Director of the League, Director of the League's Washington operations and Director of ORPSCCA.

The Child Welfare League was established in 1920, and is a national voluntary organization for child welfare agencies in North America. It is a privately supported organization devoting its efforts to the improvement of care and services for children. There are nearly 400 child welfare agencies directly affiliated with the League, including representatives from all religious groups as well as non-sectarian public and private nonprofit agencies. There are 1,480 agencies represented in ORPSCCA, including 17 member associations, predominately serving children in residential treatment settings.

The League's activities are diverse. They include the activities of the North American Center on Adoption; a specialized foster care training program; a research division; the American Parents Committee which lobbies for children's interest; and the Hecht Institute for State Child Welfare Planning which provides information, analysis, and technical assistance to child welfare agencies on Title XX and other Federal funding sources for children's services.

We are pleased to appear before you today and to offer our comments on the legislation before this Subcommittee. We came before this Subcommittee at the beginning of the long process in the last Congress which unfortunately concluded without enactment of acceptable legislation. We want to recognize the leadership of this Subcommittee and particularly its Chairman throughout that period up to and including the final hours of the last Congress when you Mr. Chairman, nearly succeeded in rescuing the legislation. As everyone knows, the Senate did not accept the provisions which you worked on so we are back here, once again, to start the process anew.

We want to assure you that, as last session, we will be with you and working to support your efforts on behalf of this needed legislation. Hopefully, we will get an acceptable bill this year. But if we are not successful, we will keep coming back, year after year until the children and families of this Nation are appropriately served. The Child Welfare League knows what you are up against. In our six decades of guarding children's rights and serving children's needs, we have frequently seen helpful legislation blocked stalled and encumbered—only to find if we were persistent that the soundness of an idea will prevail.

All of this is by way of saying what we know is politically naive to some, but which we believe to be the soundest way to proceed in enacting legislation: work with those in Congress who agree on good legislation and keep working with them until it passes.

We were here March 22, 1979, when the Administration testified on its bill, and we were struck by the language used in that statement. Frankly, the same "guiding principles" that motivated the Administration also motivate us, even though, as you will see from our comments, we come out rather differently when we apply those principles.

The guiding principles of "child welfare services" are in large part those which the Administration—and all people concerned about these issues—endorse. Those principles are:

(1) an emphasis on families
(2) legal protections for children and families
(3) the use of money to bring about reform
(4) better management of programs.

When we talk about "an emphasis on families" we point, first, to the need for adequate income for families. That's why, in the last Congress, we opposed certain changes in the Social Security Act which would have reduced the amount of real income available to welfare families—changes which were piled on to the child welfare bill. That's why, when we look at existing levels of welfare benefits, in states like New York which has not increased its benefits for several years while inflation has upped the cost of living for those families by 36 percent, we are among those supporting higher benefits. We know from our research, most recently "Second Chance for Families" that obtaining and maintaining income for families is the basic need—the basic way of preventing family stress and family breakup—the basic way of avoiding expensive and extensive "social services" including care of children out of their own homes.

We do more than simply talk about working with families. Our agencies are among the leaders in setting the pace for good services to children and parents in their own homes. One example of our agencies' leadership is reflected in the most recent listing of two exemplary projects in the HEW-funded Child Welfare Information Exchange. Under "in-home services" two agencies' programs were cited for their outstanding effectiveness—and both are long time Child Welfare League members.

Legal protections for families has also been a traditional concern and involvement of the League and its members. We were among those who fought the prejudiced and threatening approach—all too common in the decades before 1960—of using the prospect of taking away the children to keep welfare recipients "in line." We were among those who supported the "judicial review" requirement for the AFDC-Foster Care program, because the evidence was that it was needed at that time. We were among those that went to the courts on behalf of institutionalized children, children who were not receiving the services that were their right and which were part of the reason for their being in institutions. We were among those who joined in cases as amici which aimed at ensuring the same foster care payments for relatives as for others who took care of eligible children.

Indeed, the materials of the League—its monographs, publications research studies testimony—are reflected in the procedural reforms so widely endorsed by members of this Subcommittee and included in most of the child welfare bills.

We also know a good deal about the way money can be used to reform existing systems and practices that affect children and their families. Our work led to the increased authorization for Title IV-B, the Child Welfare Services portion of the Social Security Act, by proving to the Senate Finance Committee that services to children and families helped reduce the need for expensive and long-term foster care. The research study cited earlier "Second Chance for Families"—not only generated much of the enthusiasm for more preventive and restorative services. It also was a key source for the publication just issued by the Children's Defense Fund, "Children Without Homes." In fact, we are planning to update the findings through a follow-up study of the families in 1979.

In terms of accountability for Federal money, we have developed something of a pesty reputation for coming to the Congress time after time, with the suggestion that Federal money ought not to be spent on services unless those services meet standards that are reasonably in compliance with those of national standard setting organizations (or as appropriate accreditation). We have tried to point out that, without these quality guidelines being applied, the expenditure of Federal money can frequently be self-defeating. Without sufficient services to meet the needs of children programs can fail. Without sufficient numbers of trained staff, programs are more apt to fail. For this reason, we will again seek accountability through standards or accreditation in our recommendations which follow.

Finally, the League endorses better management of programs. In fact, this was one of the reasons for leading agencies establishing the League back in 1920. Those agencies wanted to exchange information about better management techniques, to ensure that the children and families would be served more efficiently while being served effectively to ensure that sound business management and sound board oversight would reinforce public confidence. We also wanted to continue to press for management from each and every funding body—whether United Way or federated drives at the local level or the city, county, state or federal government. We believe that it is neither good fiscal sense nor responsible social policy to expend tax dollars in anything less than the soundest fashion. This means that increasingly we have focused our attention on the federal government, and called for the federal government to exercise its management responsibilities before problems arise, before public confidence is eroded. We have fought and will continue to oppose management-by-avoidance, the kind of "put the money on the stump and run" approach which engendered such mis-guided enthusiasm starting with the days of so-called "New Federalism."

In setting the record straight we also want to reinforce our belief that social programs can and do work. Social workers can and do know how to function. The problem is not that programs and staff can't work, but that we have not enabled them to work. That is the message of "Second Chance for Families" it is the underlying optimistic theme of most of the legislation before this Subcommittee. But we must match our optimism with hard-nosed and rational planning and implementation of programs. And we must ask questions about the practicality of programs before we change what we have or add new programs to replace those we now have.

Because there are so many words and so many provisions in the many bills before this Subcommittee, we want to state as clearly as possible our views.

1. We support full funding of Title IV-B at the $266 million level as an entitlement.
2. We support the mandating of casework procedures and other protections to protect the rights of families and children.
3. We support enactment of subsidized adoption legislation.
4. We support continuation of the open-ended AFDC Foster Care program.

Based on these views, we have critical comments to make about many of the provisions contained in the Administration bill. The bill we would like to see reported from this Subcommittee, with some modest improvements, is Mr. Brodhead's excellent proposal H.R. 1291.

We believe that Mr. Brodhead's bill carefully balances the four factors needed in any workable legislation. If any of those factors are missing, we believe the legislation will not help families and children and will end up costing taxpayers untold billions.

1. Without full funding of Title IV-B, there will not be enough funds to begin the job of prevention and restoration of America's families.
2. Without improved management of cases, children and families will continue to be "lost" or "ignored" until emergencies arise.
3. Without subsidized adoption legislation now, untold thousands of children and families will be deprived of loving, permanent homes—at the same or less cost than the shaky, uncertain arrangements taxpayers now pay for.
4. Without the funds to pay for flexible foster care usually in homes but often in group settings, children will frequently be placed on the basis of cost (in cheaper but less appropriate and helpful settings) or returned home too soon (thus risking the tragedy of abuse or interrupting the healing process begun by the families' caseworkers).

Because of the importance of the Administration's proposal, we would like to offer our comments on that bill. While we believe that Mr. Brodhead's bill is preferable, we could endorse the Administration bill if our concerns were met.

Since the Administration's bill has been available for less than a week, we would like the option of supplementing this statement with other comments at a later date.

THE ADMINISTRATION'S LETTER

We want to begin by commenting on the covering letter sent to Speaker O'Neill which summarizes the purpose of the bill.

1. *Improvements and simplifications.*—While the Administration says its bill would "improve and simplify administration of these programs" our analysis of the bill shows many compliance issues varying deadlines and effective dates, resulting in an auditing and accountability snarl. Rather than "simplify" this bill further complicates an already complex social services delivery system.

2. *Regular case monitoring.*—We agree with the need for better case monitoring and periodic reviews: however, these activities rely on adequate numbers of case workers as well as adequately trained case workers. Neither of these worker-focused needs are addressed directly by the Administration in its bill. The bill is silent on case-load. The bill is silent on qualifications. The bill would complicate the financing of training in most instances, limit it in others, and put a ceiling on training in still other instances.

3. *Prevention.*—We agree with the need to provide preventive services, and that services to families frequently can restore children to their own homes. But our agreement on the need for prevention is based on the fiscal necessity for funding to provide these services (and appropriate caseworkers). A society truly interested in prevention would fund such a program on an open-ended, entitlement basis. At the least, crisis-oriented services, the so-called protective services, would be made available without regard to income of the families and on an open ended entitlement basis.

4. *Adoption programs.*—We were confused by the Administration's statement that "there is no federal program designed to provide funds for or to encourage adoption". While we do support additional resources and emphasis on this important component of the child welfare spectrum, we are also aware of the actual use of Title XX and Title IV-B funds for adoption purposes. The Administration's bill also recognizes this by limiting the use of Title IV-B funds for adoption assistance to that amount spent by the State in fiscal year 1979. While we would like to see more than 1 percent of the Title XX funds being spent for this service and do strongly support Federal funding for adoption subsidies Congress should be credited for making an estimated $22 million available for adoption services through Title XX. More ironic given the existence of the new Adoption Opportunities Act (Public Law 95-266), is the Administration's nearly total inability to implement that Act, even with supplemental appropriations of $5 million for the current year.

5. *Proposal to study the effect of the ceiling on foster care maintenance payments.*—We agree with what we take to be the intent of the Administration's comment about the need to study the effect of a ceiling and report to Congress, however, we believe the impact should be studied and Congress should know about it before accepting the Administration's unconsidered advice about a ceiling.

THE ADMINISTRATION BILL

Our most basic disagreement with the Administration proposal centers on our belief that the AFDC program, and Section 408 of the Social Security Act quite properly focus on the needy child as defined by law. Needy, as the Supreme Court recently found (Feb. 22, 1979) in *Miller* v *Youakim*, translates into a Foster Care program (that is) ". . . designed to meet the particular needs of all eligible neglected children, whether they are placed with related or unrelated foster parents." Further, the Court said ". . . programs, like AFDC-FC which employ the term 'dependent child' to define eligibility must be available for 'all eligible individuals.'" We do not know how the Administration can plan for the number of "needy" "eligible" children who have a right to foster care. As the Court said, the law ". . . discloses a generalized concern for the plight of all dependent children who should be sheltered from their current home environments but are forced to remain in such homes because of the States' inability to finance substitute care."

Consider the plight of children forced to remain in inappropriate settings because both the Federal and State governments have placed arbitrary ceilings on the funding sources that pay for the care those children need. The open ended sharing of costs between Federal and State governments was established in 1935 as a means

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of assuring equitable treatment to all eligible persons. It is not clear precisely how state budget officers would proceed to establish control on foster care and adoption expenditures within a fixed federal reimbursement. Our experience tells us that arbitrary budget controls are never conducive to improved case work practices.

PROBLEMS WITH A FOSTER CARE CEILING

On several previous occasions, we have provided this Subcommittee and others with detailed reasons for our opposition to a ceiling. We want to summarize some of those data for you. We firmly support the need for changes in the delivery of foster care services. However, what is needed is more flexibility in funding sources so that once improved foster systems are established, States and local communities will have adequate service funds to utilize a broad spectrum of child welfare services which best meet the children's needs. This may indeed mean less foster care and more adoptions and increased levels of preventive services and services to reunify families. But other factors including an increasingly older foster care population, income policies, unemployment and family planning policies could change the nature of foster care to the point that there will be no actual decline in the need for foster care. An increase in the amount of foster care could occur even as the rate of return to the family or to an adoptive home accelerates.

We feel the members of this Subcommittee should be aware of the fact that encouraging more permanent placements of children by imposing a ceiling on the AFDC Foster Care funds has no guarantee of working and could be seriously detrimental to children. We are familiar with the closed ended approach to social services policy since Title XX is a closed ended authority for funding social services. While the real purchasing poser of these funds continues to shrink, the services provided decrease and the social services system becomes less effective in carrying out its mission. There is a secondary loss—States may divert funds from existing programs forcing them to use cheaper, power programs.

Exempting foster care assistance from the open-ended financing provision characterizing AFDC, SSI and Medicaid, and substituting a limited authorization establishes an extremely dangerous precedent. Last year, a similar proposal for the total AFDC program failed in the Senate after receiving netative testimony from most interested parties. Experience indicates that if the ceiling on foster care is implemented, States and counties confronted with court placements would find it necessary to eliminate any voluntary placement proposed by caseworkers and families, and either increase their own contributions at the expense of newer, innovative programs or reduce foster care payments.

Increased numbers of older children and teenagers are coming into foster care due to diversion status offenses and diversion from the Juvenile Justice system. Older children have greater overall needs and especially for specific items such as food, clothing, recreation and transportation. Higher rates have traditionally been paid for older children to help meet their increased needs. According to a study on the cost of foster family care done by the University of Delaware, 38 of the 43 States with State-administered foster care systems determine payments on the basis of age.

Higher numbers of handicapped and emotionally disturbed children are also being placed in foster care settings due in part to the deinstitutionalization of mentally retarded/mentally ill children from state hospitals. These children require intensive services and considerably more hours of care incurring far greater costs for foster parents and group caring agencies. At least 26 States have adjusted rates according to the physical and mental needs of the child. These children are usually in care for longer periods of time than non-handicapped children. According to a study on the "Components of Foster Care for Handicapped Children" (Child Welfare, June, 1978), handicapped children remained in care an average of 23 months longer than non-handicapped children. Additionally, handicapped children are far less independent and possess fewer self-care skills creating additional responsibilities for foster and group care-givers. Data revealed, also, that extra expenses incurred in caring for a handicapped child averaged $235 more a year. However, foster parents of handicapped children reported receiving reimbursement for only a quarter of all special, yet necessary expenditures.

Though hailed by some as a foster care program reform, the proposed ceiling may be detrimental to children since States will be discouraged from removing children from harmful home situations or increasing foster care rates. Imposition of the ceiling combined with tax cut movements in the States may only reinforce the continuation of insufficient foster care payments and supportive services. Some States are experiencing decreases on the total number of children in care while at the same time financing increasing costs. For example, in California, while the total number of children in foster care dropped 12 percent between 1974 and 1977 (the segment of children in group homes and institutions dropped 17 percent), costs during the same period increased by 58 percent. Currently, child advocates are working to achieve cost control and uniform safeguards by requiring full State funding for AFDC Foster Care and statewide standards for rate-setting in this post Proposition 13 era in California's history.

AFDC Foster Care funds are a major source of funding in Michigan. In fiscal year 1978-79 Michigan will obtain approximately $15 million in Federal funds under AFDC-Foster Care. The use of these funds in Michigan has resulted in: (1) better reimbursement to foster parents using a statewide Bureau of Labor Statistics standard; (2) freeing of other funds to introduce and implement a model adoption subsidy program based on the same foster care standard; (3) transfer of hundreds of cases from court to Department of Social Services jurisdiction thereby increasing more unified service delivery; and (4) improved monitoring of movement of children through the system freeing up Title XX funds for increased staffing. If the ceiling is imposed, the Michigan State Department of Social Services projects a three year loss of $25 million in Federal funds to the detriment of the entire child welfare system.

Major campaigns to identify child abuse and neglect cases, such as those in Texas and Illinois, are resulting in substantially increased needs for services. In Texas alone, the Legislature is considering a new budget expenditure of $28 million over two years for boarding and medical expenses of victimized children who must be placed outside their homes. Increased casework in protective and preventive services will undoubtedly result in increased placement of children in temporary care while services to the parents and children are provided, hopefully resulting in quick and responsive reunification of families.

In summary, the concept of a needy child's legal entitlement to foster care services has been upheld as one of our oldest social services responsibilities. It has been the legal responsibility of the State, in the tradition of "parens patriae", to care for these children in need of protection. The Federal government would evade its responsibility by allowing the imposition of a funding ceiling for the maintenance needs of those AFDC children placed outside their homes. There is no indication that this program is a "runaway" funding source for the States. Comparison of States' estimates between 1976 and 1977 show a wide range of increases and decreases in foster care caseloads and expenditures for those children in care. The estimates for this program, just like its parent program, AFDC, are variable based upon many factors. Flat percentage increases are detrimental to many States and a no increase ceiling hurts most States. While the Administration's bill proposes to maintain open-ended funding for administration and training for two more years, and finally cap the entire program at a no-growth level in Fiscal Year 1985, we cannot support any proposed "reform" of the foster care system which utilizes a cost containment mechanism rather than a strong and responsive Federal leadership role.

THE DISPUTED CLAIMS PROBLEM

Some of the major problems raised by the Administration's bill have to do with the bill's handling of disputed claims.

We are concerned about the discrepancy in language in the bill are all disputed claims to be computed in considering the ceiling, or those for fiscal year 1978 only?

How can decisions be made about disputed claims without a careful review of the history of disputed claims, by year and by State for the last several years?

HEW needs to clarify its position in respect to the basis for setting a ceiling on AFDC-FC. If one year's disputed claims are included in the base and it is the most recent year, some States may have an undue advantage over other States. On the other hand, counting all disputed claims could provide some States with such a large base as to effectively eliminate the effect of a ceiling.

Because of these problems, it is imperative that HEW provide charts showing the amounts of disputed claims, reasons for the disputes, years for which claims are in dispute (with data for each of the States). Without this information it is not possible for Congress to judge the equity (or lack of equity) in the Administration's proposal.

Substantial amounts of funds have been involved in past problems with disputed claims, as Congress is well aware. Six years of disputed claims were finally settled eight years after the outset in 1969. States had claimed more than $1½ billion under various titles of the Social Security Act. The final settlement amounted to a third of that amount. Nineteen states shared in the $532 million settlement and one state accounted for $214.4 million.

STATE PLAN REQUIREMENTS

We have a number of specific comments to make about the proposed language governing state plans for foster care and adoption assistance under a new Title IV-E.

Sec. 472(a)(4). The State should also be required to coordinate its planning for Title IV-E with the well-established planning process of Title XX.

Sec. 472(a)(9). This section providing safeguards on the disclosure of information about cases appears to conflict with current proposed policies of HEW (as reflected in a draft Action Transmittal dated Jan. 17, 1979) to allow foster care review systems under the supervision of the state agency.

Sec. 472(a)(12). This section should be redrafted to make clear two essential points: (1) standards must be periodically reviewed for their appropriateness (2) payment levels must be periodically reviewed for their reasonableness.

Sec. 472(a)(14-16). We are concerned about the impact of the three-year grace period for providing procedural safeguards, etc. Allowing States until fiscal year 1983 to implement safeguards while simultaneously requiring States to have their IV-B plans in place by fiscal year 1981 may have the perverse effect of discouraging timely implementation of protections. States could wait, conceivably, until fiscal year 1983 to implement IV-B plan requirements in favor of IV-E implementation.

A drafting error appears to have taken place in respect to (14). The word "or" needs to be added at the end of phrases (A) (B), and (C).

TRAINING ISSUES

Sec. 473(a)(2)(A). Title IV-E training under the new Administration proposal would be limited to training at "educational institutions" and only personnel employed by the State or local IV-E agency could be trained. This continuation of Title XX training policy is in direct conflict with the expressed desires of this Subcommittee, and particularly Mr. Brodhead.

Improvements in training should be made in Titles IV-B and Title XX, as well as in any new Title IV-E (or equivalent legislation) to allow—

(1) contracts with non-profit agencies;

(2) inclusion of appropriate short-term training expenses; and

(3) training of staff and volunteers serving in all capacities of provider agencies.

Child welfare workers, adequately trained through both short and long term; formal and in-service conceptual and practical training programs are essential to an improved and enhanced child welfare program in the States' public and private child welfare agencies. As HEW's study "National Study of Social Services for Children and their Families" concludes: "When education and experience are taken together the typical caseworker emerges as a person with a bachelor degree in a field other than social work and a little more than three years of experience in social service to children and families. Thus, the adequacy of the caseworker to meet the service needs and goals of the cases for which he or she is responsible is dependent upon the agencies providing in-service training and supervision of remarkable quality." (Page 26)

The Administration's proposal to cap Title XX training funds, to reduce the appropriations for Section 426. Child Welfare Training from $8.5 million to $5 million for fiscal year 1980, and to continue limited training provisions in this proposed child welfare legislation do not reflect the findings of the *National Study*, or this Subcommittee's desires.

PAYMENTS TO STATES

Sec. 473(b)(2). We understand the Administration's concern that States will "shift" administrative expenses from Title IV-A to Title IV-E, However, without data about current administrative costs under IV-A for foster care and adoption purposes, this requirement may be difficult for States to comply with.

Sec. 473(c). We are concerned that what may happen, in trading off an income maintenance entitlement for poor children for 'flexible funds', States will be faced with hard decisions. If States actually have unused IV-E funds, they may have to choose between providing increased foster care and adoption subsidy payments or increasing caseworkers' salaries.

Sec 473(d). We query the one-year limit for claims. This limit would impose an unreasonable deadline, given the changes in legislation frequently imposed by Congress the conflicting State legislative calendars, and the time needed for county-administered States to summarize their financial claims.

CASE PLANNING

Sec. 475(3). While we support individual case planning, we are fearful that the lessons we should have learned from implementing the individualized education programs (IEP) under the education for handicapped legislation (Public Law 94-142) are not reflected. A reaction is now taking place which threatens implementation of the IEP. Caution must be exercised with respect to case planning in this legislation to ensure that the level of detail, the time frame for compliance, and the funds to ensure implementation are appropriate.

DEFINITIONAL PROBLEMS

Sec. 475(5). We have several concerns with the definition of "child-care institution." The size stipulated for public institutions (25) appears to be arbitrary. We would like to know the basis for setting the size at this level, which is neither an appropriate size for a group home nor necessarily appropriate for congregate care supporting intensive treatment services. The issue of quality of care should be addressed in this definition by reference to "living units," which should be not larger than 14. Size considerations for group care facilities should in our experience, address themselves to "administrative units." If HEW is to pick an arbitrary size of facility, operated under public auspices and receiving reimbursements under AFDC-FC (or successor legislation), it would be administratively more simple to use sixteen (the figure for SSI).

It is also important that the definition clearly state that all such public facilities be approved as meeting the same requirements as those of nonprofit facilities. In many instances, States have not taken steps to bring public facilities into compliance with the quality guidelines voluntary agencies are meeting. Michigan has required all state child care facilities to meet specific standards since 1973, but the Department of Social Services has not yet applied this law to publicly-operated facilities. Children require the same protections and quality care regardless of auspices. We hold that all programs and facilities public or private sectarian or nonsectarian should meet the same standards for licensing or be approved as meeting such standards.

We would like to call to the attention of the Subcommittee (and to HEW) an important drafting error. There is a comma after the word "institution" and before the word "or" which could be interpreted as authorizing funding of group homes under profit-making auspices. If this is intentional we believe the Subcommittee should direct that it be deleted.

Because of the controversy about the definition of "detention facility" and other related terms in Guidelines issued by the Office of Juvenile Justice and Delinquency Prevention, we believe appropriate clarifying definitions, based on child welfare practice, should be added for "detention facility" "training schools" and "any other facility" so as to ensure that child welfare facilities are not inappropriately defined and thus precluded from funding under this part.

ALLOWABLE INSTITUTIONAL COSTS

Sec. 475(7). We have three concerns in respect to this paragraph.

First, we believe that, with regard to educational services, payments should be allowed for school supplies and other "educational costs for children" as defined in HEW Action Transmittal SSA-AT-78-21, dated May 19, 1978.

Second, a major inhibiting factor in moving children from larger, obsolete facilities into more appropriate facilities is the absence of funds for construction, rehabilitation, and conversion of facilities. Perhaps the Subcommittee could ask HEW to study the problem of facility construction, etc., and based on the findings of that study make limited funds available for such purposes.

Third, public or nonprofit private child-placement agencies as well as child-care institutions should receive payments for reasonable costs of administration and operation of their foster family homes.

VOLUNTARY PLACEMENTS

Sec. 476(a)(1)(C). We strongly support the inclusion of voluntarily placed children as eligible for Federal matching funds. Study of the limitation to only court placements led us to the conclusion that the court procedure, in certain cases may not only severely damage child-parent relationships but also that it is a costly and unnecessary procedure. We support the bill introduced by Mr. Downey (H.R. 2684) which will make voluntarily placed AFDC eligible children eligible for AFDC Foster Care funds after being carefully reviewed by the State. This not only recognizes the "good practice" used by the State in originally placing the child, but also provides an incentive to the States to "track down" these children and carefully review their status and make more permanent plans.

"LEAST RESTRICTIVE" DEFINITION

Sec. 476(a)(2). It should be noted that while the other foster care protections are not required until Fiscal Year 1983, this paragraph is to be implemented by Fiscal Year 1981. We do not understand the reason for this distinction between effective dates for comparable protections.

We do have some concern about the way enforcement of this paragraph will work unless more precise and appropriate definitions are supplied for "least restrictive (family-like) setting" and "close proximity." We have had difficulty with similar wording in the Guidelines of the Office of Juvenile Justice and Delinquency Prevention because of lack of plain English appropriate definitions.

"Family-like" may vary depending on one's conception of "family" and "close proximity" has one meaning in Manhattan and another in Georgia.

ADOPTION ASSISTANCE PROGRAM

For nearly 20 years, the League has had experience with and supported the utilization of subsidized adoptions. Our experience and that of many local and state agencies has been that this is an effective and efficient means of providing permanence to children who would otherwise not be able to experience the security of family living.

In a study conducted by the League, "Children in Need of Parents," and published in 1959, we noted that ". . . subsidy . . . of families who cannot afford to adopt children . . ." should be tried. Twenty years later, the Children's Defense Fund report., "Children Without Homes," makes essentially the same point. The course of time has seen these concepts move from cautious approval by leadership of the child welfare field to broad support throughout the country (45 States and the District of Columbia provide for subsidized adoption).

In effect, there is no controversy over the idea even though there is a great deal of difficulty in enacting this modest and cost-effective idea in specific Federal legislation.

Despite inaction at the Federal level, the experience of States has led them to gradually move in the direction of helpful but fiscally inadequate programs. Currently, States confronted with tax reform measures, are cutting back the appropriations for adoption subsidy programs. Federal matching funds would help alleviate these fiscal pressures. At this point, only five States do not have some sort of subsidized adoption legislation on the books. Of those five States, Alabama and Mississippi are working on legislation. Only Arkansas, Hawaii, and Wyoming have yet to join their sister States.

While the Congress has debated comprehensive legislation and the country has waited another session for the subsidized adoption provisions to be enacted, four States added adoption subsidy statutes. New Hampshire and Oklahoma enacted laws in 1977; Louisiana and West Virginia adopted the provisions in 1978.

The reason for the sweeping endorsement of subsidized adoption is two-fold: it is humane and it saves taxpayers money. In human terms, this legislation achieves something everyone agrees is improtant—a permanent home is made available for thousands of children. Some have medical problems. Some are sibling groups. Some are emotionally troubled and require additional supportive resources. Many are older and members of minority groups.

The human side of the story is not limited to those children who are currently AFDC-eligible. Subsidized adoption should (and is, in most States) available for all children who are legally free for adoption because these children are, in effect, "wards of the State" and potentially indigent. Only about one-third of the children who are free for adoption are now on AFDC, on AFDC-Foster Care, or from poor families. We ask the Subcommittee to direct that any legislation assure that each and every child who is free for adoption be qualified specifically under the bill for full benefits, including all children under the bill for full benefits, including all children who are SSI-eligible.

There is an important cost-saving side to the subsidized adoption program. For example, data from five States prove that the program works.

California: Subsidies are presently limited to five years in but medical payments for special services may be available up to age 18; State officials believe Federal funds would ensure better programs in California;

Illinois: Of 1,868 totally active subsidies, an average total savings of $853,260 is anticipated annually;

Michigan: Of 750 children receiving medical and/or support subsidies, the State estimates a savings of $650,000 in Fiscal Year 1977;

Minnesota: In a study carried out in connection with a new subsidized adoption law, an estimated annual savings of $18,500,000 for children in foster care who could be placed with a subsidy was projected; and

New York: In fiscal year 1978, 700 children were adopted with a subsidy at an estimated savings of nearly $1,400,000.

We want subsidized adoption legislation, we want it enacted as soon as possible, and we cannot understand Congress allowing any additional delays to take place. Children are suffering and money is being wasted. If we cannot act to reduce human tragedy, can't we act out of fiscal motives?

THE ADMINISTRATION BILL'S MEANS TEST

Sec. 477(b)(2)(A). The Administration's 200 percent of median income figure effectively eliminates any means test for potential adoptive parents under this program. We want to point out that the actual income of most such parents is much lower and the imposition of a means test is contrary to HEW's own Model Adoption Subsidy Act. Subsidies are the child's benefit, regardless of the adoptive parent's income. We would support the language of the Brodhead bill in this instance—there is no means test required in H.R. 1291.

Eliminating the means test that remains would simplify administration of the program and avoid costly eligibility determination processes.

UNNECESSARY DUPLICATION

Sec. 478. This section provides $1.5 million to HEW for activities already authorized under Sec. 203 (a) and (b) of Public Law 95-266, the Adoption Opportunities title of the Child Abuse Prevention and Treatment and Adoption Reform Act of 1978. This legislation, enacted largely as the result of the leadership of Sen. Alan Cranston, received an appropriation of $5 million for the current fiscal year. Unfortunately, HEW has still not been able to put the legislation into effect. Although we support the intention of this section, we have pressed HEW to implement the Adoption Opportunities title and question enacting largely duplicative language (and additional appropriations) under new legislation.

MEDICAID ELIGIBILITY

Rather than making full Medicaid coverage an option, we strongly urge the Subcommittee to recommend full Medicaid coverage as a mandatory benefit for children receiving adoption subsidies.

We have attached additional material concerning adoption subsidies to our statement as background information for the use of the Subcommittee.

CHILD WELFARE SERVICES—TITLE IV-B

Sec. 422(2). The Title IV-B planning process should be coordinated and implemented in conjunction with the public review process established under Title XX.

Sec. 422(3)(E). In line with our general support for standards or accreditation as a means of assuring quality in programs funded by the Federal government, we believe that this section should be amended by adding the words "which are reasonably in accord with those of national standard-setting organizations" after the word standards in this paragraph.

Sec. 423(d). We again question the capability of States to claim Federal expenditures within a one-year time limit.

IV-B LIMITATIONS

Sec. 423(e). We are concerned about the limitations on day care, foster care, and adoption assistance payments at 1979 levels. We would suggest that HEW provide state-by-state data for these three categories of service. Once such data are provided, then the Congress can determine which (if any) limitations are appropriate.

We feel that it is important for the Title IV-B program to continue to support non-means-tested services, including the three which would be limited under the section as now drafted.

COORDINATION OF REPORTS

Sec. 423(f)(1)(B). We recommend that the required reports be coordinated with reporting activities required under the Adoption Opportunities title of P.L. 95-266, as well as requiring publication of the information in the State's final Title XX CASP plan for public review.

FUNDING COMPLEXITIES AND TIMING

We have serious questions about the number of States which will be able to satisfy the requirements for all procedures and safeguards under the new Title IV-E. Because of our experience in case management systems, and our work with the States in our Child and Youth Centered Information System (CYCIS), we theorize that very few States would be able to qualify for the additional IV-B funding by Fiscal Year 1981.

HEW should provide information to Congress about the number of States estimated to be capable of reaching compliance by each of the next three fiscal years. We are concerned that, given the Administration's budget estimates for fiscal years 1981 and 1982 (outlays of $156.5 and 181.5 million respectively), the full $266 million entitlement will not be available for many years.

Sec. 423(f)(3)(A) and (B). We query requiring only 80 percent compliance with the case review requirements, effectively putting 20 percent of the children in care in jeopardy. It is also unclear why 80 percent compliance is appropriate for Title IV-B while full compliance with these requirements is apparently required by 1983 for continued Title IV-E funding.

We see the proposed penalty of $500 as ineffective. What is the relationship of $500 to the total current cost of conducting the individualized case review? If, as some attorneys and administrators have estimated for us, the cost may approximate $2,000, it would be more cost-effective not to conduct such reviews.

Sec. 423(f)(5). Given the scarcity of social services funds and the need to utilize any new funds for effective preventive and restorative services, we question providing all States with a permanent 30 percent increase in Title IV-B funds. These funds would be available regardless of the State's performance in complying with the required improvements of the legislation.

We do however recognize that States would be required to meet these improvements by 1983 in order to maintain Federal funding under Title IV-E. Conceivably, a laggard State could revert, in 1983, to the situation that prevailed prior to the enactment of Sec. 408, the AFDC-Foster Care program. No Federal funds would be available for the foster care of needy children.

Sec. 423(g)(1). We strongly recommend that 75 percent (rather than 40 percent) of additional Title IV-B money be earmarked for services designed to help children remain with their families. This level of funding is needed to assure that the full range of child welfare services, the core services of Title IV-B, are available to help reduce the present over-dependence on the foster care system. We also support earmarking up to 15 percent of the funds for developing and implementing the required case management and information systems and other activities.

MAINTENANCE-OF-EFFORT

Sec. 423(g)(2). We strongly support the required maintenance-of-effort of State expenditures for Title IV-B and Title XX child welfare services. We recognize the nearly billion-dollar investment of the States in child welfare and believe it is essential that this commitment be maintained.

DEMONSTRATION PROJECT TO PREVENT UNNECESSARY PLACEMENT OF CHILDREN

Sec. 423(g). We recommend that this part be amended by adding a new part (3). The new 423(g)(3) would authorize demonstration projects for training and employment of AFDC recipients as homemakers and home health aides. It is estimated that as many as 25 percent of the children, many of whom are emotionally or physically disabled, now in foster care arrangements, do not necessarily have to be there. If proper alternative supportive services were available many children would avoid unnecessary placement and be able to live in familiar surroundings in which they can retain their sense of permanence. At the same time, there are many persons currently on the welfare rolls who, if they receive proper training, could become gainfully and usefully employed members of the social services profession. The amendment would authorize HEW to enter into agreement with States for the purpose of conducting demonstration projects for the training and employment of welfare recipients as homemakers or home health aides. Priority would be given to those States who have demonstrated active interest and have complied with conditions specified in Sec. 423(f). Full responsibility for the program would be given to the Title IV-B agency.

The program is completely voluntary; an AFDC recipient is under no obligation to enroll and does not risk loss of AFDC funds by refusing to participate. Persons eligible for training and employment would be only those who were continuously on the AFDC rolls for the 90-day period preceding application. Those who enter a training program would be considered to be participating in a work incentive program authorized under part C of Title IV of the Social Security Act. During the first year such individual is employed under this program, he or she shall continue to retain medicaid eligibility and any eligibility he had prior to entering the training program for social and supportive services provided under part A of title IV. The individual will be paid at a level comparable to the prevailing wage level in the area for similar work. Federal funding will not be available for the employment of any eligible participant under the project after such participant has been employed for a 3-year period. Payments could be made only for service programs which meet standards reasonably in accord with or accredited by a national standard-setting organization.

The bill requires a State participating in a demonstration project to establish a formal training program which must be approved by the Secretary as adequate to prepare eligible participants to provide part time and intermittent homemaker services and home health aide services to families, who would, in their absence, be reasonably anticipated to have one or more members require foster care. The State shall provide for the full-time employment of those who have successfully completed the training program with one or more public agencies or by contract with nonprofit agencies. The numbers of people in a State eligible for training and employment would be limited only by their ability to be trained and employed as well as by the number of those in need of home health and homemaker services.

The bill provides that persons eligible to receive home health and homemaker services are families in need of such services. They must be those for whom such services are not actually available and who would otherwise reasonably be anticipated to require foster care.

The bill specifies that the type of services included as homemaker and home health aide services include part time or intermittent: personal care, such as bathing, grooming, and toilet care; assisting persons having limited mobility; feeding and diet assistance; home management, housekeeping, and shopping; family planning services; and simple procedures for identifying potential health problems. Authorized services include any service performed in a foster family home or institution, that provides for the well-being of individual children living with their own families by helping them overcome difficulties they experience in the process of maturation, in social functioning, or in coping with environmental stresses, and by helping their parents meet the demands and responsibilities of parenthood.

The bill provides 90-percent Federal matching for the reasonable costs (less any related fees collected) of conducting the demonstration projects. Such amounts would be paid under the State's IV-B program. Demonstration projects would be limited to a maximum of 4 years plus an additional period up to 6 months for planning and development and a similiar period for final evaluation and reporting. The Secretary is required to submit annual evaluation reports to the Congress and a final report not more than 6 months after he has received the final reports from all the participating States.

CARRYOVER OF TITLE IV-B FUNDS

Sec. 402(a)(20)(b). While we support giving States the necessary flexibility to spend the 30 percent additional Title IV-B funds in any way they wish in 1980, there should not be a provision allowing States to carry over these funds into fiscal Year 1981. States should actually spend these funds to expand and improve their child welfare programs now.

Likewise, we support reallocation of unused Title IV-B funds from States who cannot spend their total allotments to other States, to ensure full utilization of the Title IV-B funds.

HEW should be required to quickly issue implementing regulations in order for the States to have time to plan for appropriate use of these funds. Therefore, we recommend that HEW be required to publish final regulations not later than 60 days after enactment of this proposed legislation.

TITLE XX

In respect to Title XX legislation, we support the testimony provided on March 22, 1979 before this subcommittee by Rebecca Grajower on behalf of The National Assembly of National Voluntary Health and Social Welfare Organizations, Inc., of which The Child Welfare League of America is a member agency. We support the fourteen recommendations presented. However, we want to take this opportunity to further comment on these issues.

We support Mr. Corman's provision, contained in H.R. 2724, to increase the ceiling for Title XX to $3.1 billion for fiscal year 1980. We strongly support and applaud Mr. Corman's move to include a 7 percent cost of living factor in Title XX for years after fiscal year 1980.

We enthusiastically endorse maintaining the $200 million earmarked funds for day care as a permanent provision with no Federal matching requirement, for the purpose of encouraging States to continue to expand and upgrade their day care services under Title XX. The Federal government must be the leader in promoting decent day care and in requiring compliance with appropriate standards. States have been responsive to the Congressional intent and have increased spending to improve day care services. Funds for day care services are directly related to the Title XX goal of self-sufficiency for parents and future self-sufficiency for the children in care. Therefore, the additional $200 million for day care services should remain a distinct and permanent category of 100% Federal funding under the Title XX program. Additionally, we support a maintenance of effort clause in this provision.

We are submitting for the record, charts compiled from information provided by HEW that show the Federal allotment spent by States for Title XX and the special 100 percent Federal day care funds for 1978.

The charts indicate that for Title XX 45 of the States, including the District of Columbia, are near or at their ceiling as of 1978.

In Federal allotments for special day care funds, 37 States have utilized 100% of their Federal allotment and 7 additional states are approaching their ceiling, as of 1978.

The League is very supportive of maintaining Title XX training as an open-ended program with funding outside the Title XX ceiling at a 75% Federal matching rate. This is particularly important to provide quality services at all levels. We support expansion of this provision to include training for all levels of personnel, including volunteers, and allowing non-profit agencies to contract for training programs.

We support the adult emergency shelter provision. However, we question the adequate implementation of this provision without additional Title XX funds. $3.1 billion is needed just to maintain existing levels of service. As Congress adds new categories or new recipients to Title XX, we believe correspondingly adequate funding should also be added, based on estimates from HEW, specialized groups, Congressional Budget Office, and others.

We thank you for the opportunity to testify today and urge this Subcommittee to report out bills for child welfare and Title XX that will assure improvements in services for needy children and their families.

SPECIAL FEDERAL DAY CARE FUNDS UNDER TITLE XX

States	Federal allotment	Federal reimbursement	Percent of 1978 allotment spent
Alabama	3,400,000	3,355,168	99
Alaska	340,000	130,793	38
Arizona	2,080,000	348,341	17
Arkansas	1,980,000	1,980,000	100
California	19,880,000	19,880,000	100
Colorade	2,380,000	2,380,000	100
Connecticut	2,900,000	2,832,781	98
Delaware	540,000	540,000	100
District of Columbia	680,000	377,960	56
Florida	7,840,000	7,840,000	100
Georgia	4,620,000	4,177,421	90
Hawaii	820,000	820,000	100
Idaho	780,000	432,693	55
Illinois	10,460,000	10,460,000	100
Indiana	4,980,000	4,613,403	93
Iowa	2,700,000	2,700,000	100
Kansas	2,120,000	2,120,000	100
Kentucky	3,180,000	3,180,000	100
Louisiana	3,560,000	3,545,689	100
Maine	1,000,000	1,000,000	100
Maryland	3,840,000	3,840,000	100
Massachusetts	5,460,000	5,460,000	100
Michigan	8,600,000	8,600,000	100

SPECIAL FEDERAL DAY CARE FUNDS UNDER TITLE XX—Continued

States	Federal allotment	Federal reimbursement	Percent of 1978 allotment spent
Minnesota	3,680,000	3,680,000	100
Mississippi	2,200,000	2,064,300	94
Missouri	4,460,000	4,434,986	99
Montana	700,000	700,000	100
Nebraska	1,460,000	1,460,000	100
Nevada	560,000	180,383	32
New Hampshire	760,000	760,000	100
New Jersey	6,860,000	6,860,000	100
New Mexico	1,080,000	1,080,000	100
New York	17,000,000	17,000,000	100
North Carolina	5,120,000	5,119,491	100
North Dakota	600,000	600,000	100
Ohio	10,100,000	9,154,981	91
Oklahoma	2,540,000	2,540,000	100
Oregon	2,140,000	2,140,000	100
Pennsylvania	11,100,000	7,916,546	71
Rhode Island	860,000	860,000	100
South Carolina	2,640,000	2,640,000	100
South Dakota	640,000	640,000	100
Tennessee	3,940,000	3,213,433	82
Texas	11,480,000	11,480,000	100
Utah	1,140,000	1,140,000	100
Vermont	440,000	440,000	100
Virginia	4,660,000	4,660,000	100
Washington	3,320,000	3,320,000	100
West Virginia	1,700,000	1,700,000	100
Wisconsin	4,320,000	4,320,000	100
Wyoming	360,000	360,000	100

Source: Budget Office, APS/OHDS/HEW, State's OA 41 submittals for fiscal year 1978 (as of Mar. 12, 1979).

TITLE XX

States	Federal allotment	Federal reimbursement	Percent of 1978 allotment spent
Alabama	42,500,000	37,988,455	89
Alaska	4,250,000	4,250,000	100
Arizona	26,000,000	21,185,208	81
Arkansas	24,750,000	23,540,114	95
California	248,500,000	248,500,000	100
Colorado	29,500,000	29,500,000	100
Connecticut	36,250,000	36,250,000	100
Delaware	6,750,000	6,165,265	91
District of Columbia	8,500,000	8,500,000	100
Florida	98,000,000	98,000,000	100
Georgia	57,750,000	57,750,000	100
Hawaii	10,250,000	10,250,000	100
Idaho	9,750,000	9,750,000	100
Illinois	130,750,000	116,914,405	89
Indiana	62,250,000	34,034,260	55
Iowa	33,750,000	33,750,000	100
Kansas	26,500,000	25,148,492	95
Kentucky	39,750,000	39,291,326	99
Louisiana	44,750,000	44,302,129	99
Maine	12,500,000	12,500,000	100
Maryland	48,000,000	48,000,000	100

TITLE XX—Continued

States	Federal allotment	Federal reimbursement	Percent of 1978 allotment spent
Massachusetts	68,250,000	68,250,000	100
Michigan	107,500,000	107,500,000	100
Minnesota	46,000,000	46,000,000	100
Mississippi	27,500,000	24,929,964	91
Missouri	55,750,000	46,330,745	83
Montana	8,750,000	8,750,000	100
Nebraska	18,250,000	18,250,000	100
Nevada	7,000,000	5,757,731	82
New Hampshire	9,500,000	8,561,262	90
New Jersey	85,750,000	85,750,000	100
New Mexico	13,500,000	13,342,845	99
New York	212,500,000	212,500,000	100
North Carolina	64,000,000	64,000,000	100
North Dakota	7,500,000	7,500,000	100
Ohio	126,250,000	116,660,393	92
Oklahoma	31,750,000	31,750,000	100
Oregon	26,750,000	26,750,000	100
Pennsylvania	138,750,000	127,908,356	92
Rhode Island	10,750,000	10,750,000	100
South Carolina	33,000,000	33,000,000	100
South Dakota	8,000,000	8,000,000	100
Tennessee	49,250,000	45,061,121	91
Texas	143,500,000	143,500,000	100
Utah	14,250,000	14,250,000	100
Vermont	5,500,000	5,500,000	100
Virginia	58,250,000	56,147,827	96
Washington	41,500,000	41,499,934	100
West Virginia	21,250,000	21,250,000	100
Wisconsin	54,000,000	54,000,000	100
Wyoming	4,500,000	4,414,529	98

Source: Budget Office, APS/OHDS/HEW, State's OA 41 submittal's for fiscal year 1978 (as of Mar. 12, 1979).

ADOPTION SUBSIDY INFORMATION

(Appendum to Child Welfare League Testimony)

California

Maintenance subsidy in California is for no more than 5 years for any child; child can receive subsidy (it's called Aid for Adoption of Children) for three years, and that can be extended for two more years. Subsidy maximum rate is equivalent to maximum rate of foster care.

Subsidy for medical needs can be extended beyond the five year period, but only for special services (related to medical needs present at time of adoption) up to age 18.

There is eligibility requirements for adopting parents receiving subsidy. State must determine the amount of money needed, and the family's ability to meet need.

There is no flat income level requirement; local county agencies develop own criteria.

Florida

The subsidy law was passed three years ago, and became fully operative two years ago.

Florida has no means test requirement for families receiving a maintenance or medical subsidy.

Average income of families receiving types of subsidy:

Medical subsidy	$17,223
Maintenance subsidy	12,614
Combination	10,973
Overall average income	13,025

For funding subsidy, the child's state foster care maintenance payments goes with him into subsidized adoption; there is a small allocation specifically for medical subsidy in the legislation.

As of 12/31/78, 132 children were receiving subsidy on on-going basis.

Georgia

Subsidy legislation was passed in 1973.

Income scale for families to receive subsidy for 1977-78—Number in family, including adopted child:2, less than $9417; 3, less than $11582; 4, less than $14830; 5, less than $17484; 6, less than $19602; and 7 or more, $24054 (no further increase for larger family).

Special needs subsidy are related to income level (as is maintenance subsidy), but there is some discretion allowed in case of medical needs.

Maintenance subsidy is limited to ¾ of regular foster care rate; no limits on medical subsidy.

As of April, 1978, at least 71 children were receiving subsidy: 63 receiving maintenance subsidy, 3 special needs subsidy, and 5 both.

Illinois

Based on an on-going subsidy rate (which is at least $1.00 less than regular foster care rate), foster care boarding rate, legal fees, age of child at date subsidy was completed, an average of $2,973 per child through his age of 18 is saved by placing the child in subsidized adoptive home rather than foster home. This comes to an anticipated average total savings of $853,260 as the adopted child grows to maturity. If child were to remain in care until age 21, the cost effectiveness would increase to $6,971 per child, and $2,000,545 in total savings.

These could be considered conservative savings estimates for Illinois, given that administrative overhead, medical expenses beyond that directly related to child's being labeled hard to place, any educational or vocational expenses the State would be covering were the child to remain in care—are not included in the cost effectiveness saving.

Michigan

1977 savings of $650,000 given 757 children under medical and/or support subsidy (416 support subsidies alone; 122 medical subsidies alone; 219 combination) These figures are based on $1,718,087.20 total foster care placement costs, while subsidies cost the State $1,070,283.66 in 1977.

This is based on a conservative estimate for foster care rate; since foster care rates vary in States depending upon the age of the child and needs. The lowest foster care rates were used to estimate the savings from subsidized adoptions.

State has no means test eligibility requirement for adopting parents.

Subsidy maintenance payments are not to exceed foster care rates.

Minnesota

New subsidy legislation is pending—the legislation has no family eligibility requirements; allows subsidy to travel with the child out-of-state; allows for placement of child in subsidized adoptive home which was formerly the foster home of child, without search for non-subsidized adoptive family.

A study carried out in anticipation of new subsidy legislation estimates an annual savings of $18,500,000 for children now in foster care who could be placed if there were subsidy through the age of 18.

This was based on 1978 cost figures for foster care costs and subsidy costs.

New York

For the current fiscal year, 1978-79, State estimates an average $1,700 per year per child savings due to moving child from foster care to subsidized adoptive home (this average includes maintenance, and time limited subsidies).

New York's income level requirements are—Number in family, including adopted child: 2, $13,290; 3, 1[illegible]882; 4, 19,135; 5, 22,771; 6, 26,598, and for each child in family over family size of 6 – $1,[illegible]00 to maximum gross income ($26,598) on above schedule.

If single parent head, $2000 more added to maximum gross income on above schedule.

There are no income level requirements for handicapped children.

Maintenance subsidy is 100% of foster care rate.

DESCRIPTION OF AGENCY

Background information

Rosemary Cottage is a voluntary social agency founded in 1920 to provide shelter to homeless teenage girls. The agency now provides residential treatment to adolescent girls with serious emotional, behavioral and social problems.

Rosemary Cottage serves girls, ages 13 to 18, who are residents of Los Angeles and adjoining counties, on a non-sectarian, interracial basis. Families of girls in residence are involved in the program.

Eligibility

Girls are eligible for placement if:

Emotional, behavioral or social problems preclude living with their families or in a foster home, and a small group setting is appropriate.

There is sufficient intellectual capacity to attend public school.

Rosemary Cottage cannot accept:

Girls who require maximum supervision in a closed setting.

Girls with severe physical disability or chronic illness requiring special medical facilities.

Emergency placements

On a space-available basis Rosemary Cottage, Inc., will provide temporary shelter to girls 13 and up.

Contact (24 hours) 795-7218 and ask for a social worker to determine if space is available or not. (During off-hours professional staff is available on-call).

Referrals—fees

Referrals may be made by any social agency. Parents may apply directly. Intake calls will be taken from 9:00 a.m. to 4:00 p.m. Monday through Friday. If an intake social worker is not immediately available a return call will be made no later than the following working day. Fees are based on the family's ability to pay and on a contractual basis with Los Angeles County.

Program

The Agency's program includes:

A structured group-living situation with supervision by skilled child-care workers.

Intensive social work services to girls and their families.

Planned discharge and after-care services in cooperation with the placing agency and the family.

Psychiatric and psychological consultation.

Medical and dental services.

Remedial and tutorial programs.

Planned recreation and social activities.

Girls placed at Rosemary Cottage attend the Pasadena or South Pasadena Public Schools. The agency works closely with schools and other community resources to provide an appropriate educational program. Girls in residence are encouraged to develop social relationships in the community and to participate in school activities.

Facilities

The Agency's five facilities include:

Rosemary Cottage, housing sixteen girls, ages 13 to 18, and supervisory staff. This site includes an outdoor recreation area with volleyball and basketball courts as well as a classroom on-grounds.

The Counseling Center, adjacent to the Cottage houses Social Work and Administrative services.

A residence for six girls and house staff at 500 South Oakland Avenue in Pasadena.

A residence for six girls and house staff at 1023 Fremont Avenue in South Pasadena.

A runaway shelter housing up to six girls and house staff at 63 N. Bonnie in Pasadena.

The girls generally live two to a bedroom and have ample space for study, relaxation and play.

Staff

Rosemary Cottage's professional staff consists of Clinical Social Workers, Child Care Workers, Education and Recreation specialists.

Rosemary Cottage is financed through fees for service, donations, and the United Way. It is licensed by the State Department of Health, accredited by the Child Welfare League of America, Inc. and a member of California Association of Childrens Residential Centers.

Mr. DOWNEY. Mr. Rousselot?

Mr. ROUSSELOT. Mr. Cohn, it is nice to see you. We appreciate your appearance and know of your organization's good work in our State of California.

We have to vote now. Do you mind coming back?

Mr. DOWNEY. We are going to continue right through with the hearings. The chairman left, and he will be back.

Mr. ROUSSELOT. He will be back? He went to vote? Well, I will just ask my question first, then.

You state in your full statement, Mr. Cohn, that because of limits imposed by proposition 13, Rosemary Cottage has been unable to develop what you call planned day-treatment services, and you feel they could be provided at less cost than what is known as residential treatment. Is there anything in any of the bills before this subcommittee, which could improve that situation?

Mr. COHN. Certainly a title IV–B entitlement would provide some funding for this purpose. The provisions for voluntary placements would also free up some funds because at this particular point, since in California all placement is done by court action, we are handling some voluntary placements using our own voluntary dollars. As I say, if we could free those up by shifting it, then we could develop some new program along these lines. Title XX would also be a possibility for us.

Mr. DOWNEY. Would the gentleman yield on that point? I have a bill, H.R. 2684, that addresses itself to what you were just talking about. Would my bill help you in that regard in dealing with the voluntary placement?

Mr. COHN. Right.

Mr. ROUSSELOT. I guess I should go vote.

Mr. DOWNEY. I want you to hear more about their support for the things I am doing. I hate to see you leave.

Mr. ROUSSELOT. Do you have 10 or 12 bills in?

Mr. DOWNEY. No; the voluntary placement I should point out is the one where, for voluntarily placed children, in the past the requirement was for a court order. What we are suggesting is giving money to the States and asking them to go back and take a look at those kids and help them, whether through Congressman Brodhead's bill or the administration's bill.

Do you have any further questions?

Mr. ROUSSELOT. Do you want to hang in here by yourself?

Mr. DOWNEY. Well, I will stay here until the chairman comes back.

I have just a few questions. Could you elaborate a little on the impact that limiting the training would have on you in California under title XX? Could you give us some idea of what the administration's proposal would do to you and how it would affect you?

Mr. COHN. Ok, on this particular point, there is very little title XX money in California that is going to anything but the old mandated services. An increase in training funds, whether it be through title XX or through IV–B, Mr. Downey, would allow us more latitude, particularly the nonprofit agencies would have more latitude to train line staffs in implementing services.

As kids are getting more and more compressed into this system, we are finding that as we deinstitutionalize offenders on the one side and have knocked off the nonmandated services on the bottom because of proposition 13 and other impacts, we are finding the population that is being referred for services is much more disturbed and is requiring better trained staff and the training funds are not available to deal with this compression which is coming in from both ends.

Mr. **Downey**. I wanted to ask a question about the cap, but here is our chairman. I will go vote now.

Mr. **Cohn**. Mr. Chairman, I had finished my statement and was responding to questions.

Mr. **Corman**. I think we will add Ms. Flynn to our discussion. Ms. Flynn?

STATEMENT OF LAURIE FLYNN, PRESIDENT, NORTH AMERICAN COUNCIL ON ADOPTABLE CHILDREN

Ms. **Flynn**. Mr. Chairman, my name is Laurie Flynn. I am the president of the North American Council on Adoptable Children. I am very pleased to be invited to present testimony today on behalf of our organization. The North American Council is a broad-based citizen coalition whose primary goal is to help children find permanent, loving families. We have over 400 local chapters all across the United States.

From the beginning of our existence, we have focused concern on the needs of children who wait for an adopted family. All our members believe these children can and should find homes, and we have come to this commitment largely because of our personal experience in adopting children with special needs. I myself am the mother of 12 children, including seven adopted children. Each of my children was considered hard to place because of some particular circumstance or condition. Two were born in institutions to mentally retarded parents and were developmentally delayed. One has a rather serious speech problem requiring ongoing special therapy.

We have adopted two teenagers who presented severe emotional problems, which have required many hours of counseling and family therapy.

One of my adopted children has learning difficulties. Another child is mildly hyperactive, yet none of these children has been considered a candidate for adoption subsidy up to this point.

If you would like me to, I can describe them a little more fully or I can go on and leave that to the questioning.

Every week, members and officers in the North American Council receive inquiries from families interested in adopting children with special needs. We know there are families available for these youngsters, and yet we are aware that many of these families cannot make the commitment to adopt a child with special medical or emotional conditions because of the enormous financial burden that is entailed.

Children with special needs, as defined by this legislation, would include those who are hard to place because of race, ethnic heritage, sibling relationship, age, mental, or physical, or emotional condition, or handicap. Surely these very vulnerable children who have already been separated from their birth family deserve every effort that can be made to insure that they find love and security in a permanent home of their own.

Passage of Federal adoption subsidy affords us the unique opportunity to spend less money and to provide a far better service for children in need. The North American Council therefore applauds the leadership effort seen here today to bring our fiscal policy as a nation into line with our stated national philosophy that children and families are to be protected and strengthened.

The passage of adoption subsidy legislation will in our belief remove one of the most significant barriers to permanence for children existing today.

Many studies, which I think we have heard about this morning, have demonstrated that adoption subsidies are extremely cost effective. Many States have estimated that children who are successfully placed for adoption with the help of a subsidy save the State and taxpayers literally millions of dollars over the years of their minority. Thousands of children have found homes during the past decade with the help of various State-supported subsidy programs.

It is important to realize, however, that although 45 States have enacted some form of subsidy legislation, many have not been able to fully implement it due to the lack of funds. In many cases, the State legislation is quite restrictive and not many families are encouraged to apply for this financial assistance. Perhaps the most important consequence of adoption subsidy in the States has been to encourage foster parents to adopt children who have been in their care for years and have truly become a member of their foster family.

This means that the psychological parent can also become the legal guardian, and it assures the child's stability and security in a home that he has come to call his own. Unfortunately, all too many foster parents are unaware of the possibility of adopting their foster child.

I believe that Federal support for adoption subsidy legislation will mean a significant increase in the number of adoptions by committed foster parents.

The North American Council on Adoptable Children does not believe that eligibility for adoption subsidy should be based on any kind of a means test. In an adoption, the client is the indigent child for whom the State has assumed parental responsibility. The subsidy should be conditional only upon the need of that child. No family should be asked to accept a lower standard of living in order to parent a child with special needs.

It is worth noting again the HEW model adoption subsidy law recommends against any means test as a basic disincentive to adoption.

The North American Council is pleased to find that proposed legislation requires the States to provide medical coverage for any condition which would make a child hard to place. We would support the hope that States in many cases will provide full medicaid protection for the child. This is critical in many cases where the adopting family's insurance policy will not cover the treatment of preexisting conditions in the adopted child.

It would be a sad day when families and children are forced to choose between good health care and the care and security of an adoptive family.

The North American Council is pleased to note that nonrecurring expenses borne by the adopting parents may be subsidized and that the rule that a search for nonsubsidized adoption may be waived when such a waiver seems to be in the best interest of the child. Both of these provisions make good sense to us and will increase interest in adoption by foster parents.

The North American Council strongly believes that to be effective a Federal subsidy program must state the principle that the subsidy is vested in the child and goes with him into permanent placement, wherever that may be. Many States today will provide assistance only to families residing in their States for children who are the responsibility of that State, yet the increased use of adoption resource exchanges means that workers and families are discovering children from a wider area.

Many times, especially for a very difficult placement, the search for parents may cover several States or regions. If the child lives in one State and the family in another, very often the subsidy is lost to the child. Similarly, the family who has been certified as subsidy eligible, Mr. Chairman, may lose that resource if they move out of State. Restrictions of this type have cost many handicapped children the chance for a family of their own.

It is our belief that no child's future should be limited by geographic boundaries.

It is also our position that subsidy payment should be extended beyond only the AFDC children to include also those children receiving benefits from social security (SSI). With these children, as with the AFDC child, we seek to allow the child to carry his Federal support into adoptive placement. Thus, the money that has been allocated for the child in federally supported foster home care would not become a disincentive to his permanent placement in adoption.

Ultimately, we should as a society channel our tax dollars into subsidized adoption for all children for whom adoption has been set as a goal, regardless of how that child came into public care. If the child has been waiting for a family because of his special needs, we owe him the extra effort the subsidy recognizes.

For many children subsidy may provide the answer for the most urgent need of all, which is the need for the love and care of a family.

Just as all kinds of children are waiting for adoption, so, too, all kinds of families and individuals are responding to the needs of children today. Adoption subsidy will help to open up the prospect of adoption to families of every race and ethnic group. This is particularly crucial as minorities are over-represented in the foster care population and these children are often the last to be placed for adoption. Families must be encouraged in their interest in children, yet our current system often penalizes families if they choose to offer a permanent home to a waiting child.

I have briefly described the position of the North American Council with regard to the legislation on adoption subsidy. We will request the opportunity to make written comments on some of the other areas covered by the various bills.

Mr. Corman. Approximately how long will it be before you submit your written statements? Can we expect them within 3 or 4 days?

Ms. Flynn. Yes; indeed.

Mr. Corman. All right. Then your entire statement, including the written statements that you will submit, will appear at this point in the record.

[The prepared statement follows:]

Statement of Laurie Flynn, President of the North American Council on Adoptable Children

I am pleased to be invited to present testimony today on behalf of the North American Council on Adoptable Children. NACAC is a broad-based citizen coalition whose primary goal is to help children find permanent loving families. We have over 400 local chapters all across the United States, with a combined membership of nearly 20,000. From the beginning of our existence we have focused our concern on the needs of children who wait for an adoptive family. All of our members believe deeply that every child who needs a family can and should find one. We have come to this commitment largely because of our personal experience in adopting children with special needs. I am the mother of 12, including 7 adopted children. Each of my children was considered "hard to place" because of some particular circumstance or condition. Two were born in institutions to mentally retarded parents and were developmentally delayed. One has had rather serious speech problems, requiring ongoing special therapy. We have adopted two teenagers who presented severe emotional problems which required many hours of counselling and family therapy. One of my adopted children has learning difficulties, another has mild hyperactivity and behavior problems. None of these children has been considered a candidate for adoption subsidy, the subject of my testimony today.

The NACAC offices receive several hundred inquiries each month from families interested in adoption of children with special needs. We know that there are families for these youngsters, yet we are aware that many of these families cannot make the commitment to adopt a child with special medical or emotional needs because of the enormous financial burden entailed. Children with special needs, as defined by the legislation, would include those who are hard to place because of race, ethnic heritage, sibling relationship, age, mental, physical, or emotional condition or handicap. Surely these very vulnerable children, who have already been separated from their birth family, deserve every effort that can be made to insure that they find love and security in a permanent home of their own. Passage of federal adoption subsidy affords us the unique opportunity to spend less money and provide a far better service for children in need. NACAC applauds the efforts of Representative Brodhead, Rep. Miller and the Carter administration to bring our fiscal policy into line with our stated national policy: that children and families are to be protected and strengthened. The passage of adoption subsidy legislation will remove one of the most significant barriers to permanence for children. NACAC members will join many other child advocates in working to bring about passage of this vital legislation in 1979, the International Year of the Child.

Many studies have demonstrated that adoption subsidies are extremely cost-effective. Foster home care is expensive, often exceeding $3,000 per year per child. Of course, institutions are even more expensive. Several states have estimated that children who are successfully placed for adoption with the help of subsidy, save the state and its' taxpayers millions of dollars over the years of their minority. Indeed, thousands of children have found homes during the past decade with the help of state supported subsidy programs. It is important to realize that although 45 states have enacted some form of subsidy legislation, many have not been able to fully implement it due to lack of funds. In many cases the state legislation is restrictive, and not many families are encouraged to apply for this financial assistance.

Yet perhaps the most important consequence of adoption subsidy has been to encourage foster parents to adopt children who have been in their care for years and who have truly become a member of the foster family. This means that the psychological parent also becomes the legal guardian and assuares the child stability and security in the home he has come to call his own. Unfortunately, all too many foster parents are unaware of the possibility of adopting their foster child because the state funded programs are often not well publicized or adequately funded. I believe that federal support for adoption subsidy will mean a significant increase in the number of adoptions by foster parents.

NACAC does not believe that the eligibility for adoption subsidy should be based on a means test. In an adoption, the client is the indigent child, for whom the state has assumed the parental responsibility. The subsidy should be conditional only upon the need of the child. No family should be asked to accept a lower standard of living in order to parent a child with special needs. If we are going to have a means test, NACAC is pleased to see that the current figure is 200% of median income. It is worth noting that the HEW Model Adoption Subsidy Law recommends against any means test, as a basic disincentive to adoption. This is also the official NACAC position.

The North American Council is pleased to find that the proposed legislation requires the states to provide Medicaid coverage for any medical condition that would make a child hard to place. We would support the hope that states will in many cases provide full Medicaid protection for the child. This is critical in the many cases where the families insurance will not cover the treatment of pre-existing conditions in the child. Medicaid vesting will mean that children are not forced to choose between good health care and the care and security of an adoptive family.

We are pleased to find that non-recurring expenses borne by the adoptive parents may be subsidized and that the rule that a search for non-subsidized adoption may be waived when such a waiver seems to be in the best interest of the child. Both of these provisions make good sense and will increase interest in adoption by foster parents.

NACAC strongly believes that to be effective a federal subsidy program must state the principle that the subsidy is vested in the child and goes with him into permanent placement, wherever that may be. Today many states will provide assistance only to families residing in their state for children who are the responsibility of the state. Yet the increased use of adoption resource exchanges means that workers and families are discovering children from a wider area. Many times, especially for a very difficult placement, the search for parents may cover several states or an entire region. If the child lives in one state and the family in another, very often the subsidy is lost to the child. Similarly, the family who has been certified as subsidy-eligible may lose that resource if they move out of state. Restrictions of this type have cost many handicapped children a family of their own. No child's future should be limited by geographic boundaries.

It is our position that subsidy payments should be expanded beyond AFDC children to include also those children receiving benefits from Social Security (SSI). With these children, as with the AFDC child, we seek to allow the child to carry his federal support into adoption. Thus, the money that has been allocated for the child in federally supported foster home care would not become a disincentive to his permanent placement in adoption. Ultimately, we should as a society channel our tax dollars into subsidized adoption for all children for whom adoption has been set as the goal, regardless of how the child came into public care. If the child has been waiting for a family because of his special needs, we owe him the extra effort that a subsidy provides. For many waiting children, subsidy may provide the answer to that most urgent need—the need for the love and caring of a good family.

Just as all kinds of children are awaiting adoption, so too all kinds of families and individuals are responding to the needs of children today. Adoption subsidies will help open up the prospect of adoption to families of every race and ethnic group. This is particularly crucial as those minorities are over-represented in the foster care population and are often the last to be placed for adoption. These families must be encouraged in their interest in children, yet our current system penalizes them if they choose to offer a permanent home to a waiting child.

I have briefly described the position of the North American Council with regard to the various pieces of child welfare legislation offering a plan for adoption subsidy. We will make comments on some of the other issues covered by the bills in separate written testimony. Again, I am joined by the thousands of NACAC members in urging prompt consideration of these important measures which promise so much for so many neglected and lonely children. I cannot imagine an area of greater priority for action.

I would like to illustrate the effect of adoption subsidy by citing several true examples of actual children who would not have been placed without the assistance of adoption subsidy. All of these children and families are personal friends.

Jessica, age 14 months, born to a drug addicted mother. She has hydrocephalus, a severe condition requiring special surgery at regular intervals to relieve pressure on her brain. Jessica is also partially deaf and blind, the extent of her impairment is not fully dnown. She is developmentally delayed, behind her chronogical age by over one year. Her family has five other children, all adopted, including one who is also blind. Many thousands of dollars have been expended to diagnose and treat Jessica's many special needs. Her family has been able to concentrate fully on her personal development and find her, in spite of the many problems, a joy.

David, age 6 born with a serious heart condition which has already neccesitated one major operation and will require at least one more before adolescence. David's family have two other biological children and the parents are of modest means. Their sons heart condition will not be covered by their medical insurance as it is a pre-existing condition. Subsidy has made it possible for David to have the best of medical care and a loving family as well.

Tina, now 9, was adopted four years ago after several years in foster care. Her foster parents were getting old and found that they could no longer care for her special needs. Tina is moderately retarded and confined to a wheelchair. Yet she is capable of giving and receiving love as her adoptive family has found. Her cheerful presence lights up the lives of the rest of the family and adds joy to her school and neighborhood.

John, age 12, has been in his adoptive home for two years and is doing well. John is the victim of years of foster placements and many serious physical problems, the most acute of which is juvenile diabetes. After an intensive campaign, a permanent family was found who could help John grow to adulthood in security. The expense of caring for John's medical needs was offset by subsidy and medicaid.

Bradley who has many of the problems associated with albinism was adopted from a western state which couldn't allow subsidy payments to follow the child into his new home in Pennsylvania. Bradley has made many trips with his family to specialists in Philadelphia seeking accurate diagnoses and treatment for his vision problems. The expense has been borne by the family who adopted him. They already have six children and can ill-afford to pay the enormous bills that eye surgery might entail.

Timmy, born with a cleft palate and hyperactivity, has already had three operations and will need years of specialized care and therapy. His adoptive family has been able to meet the expenses only by living very frugally, they have not taken a summer vacation for the three years that Timmy has been their son. Recently they were forced to say no to a child who needed orthopedic surgery for a club foot because they felt that they could not afford a second medically handicapped child. This family is in the upper income range and are not eligible for subsidy under the laws of their state.

Tracy, recently adopted at the age of 10, has a rare facial deformity which is correctible through surgery. The adoptive family was not informed of the possibility of a subsidized adoption for many months. Yet Tracy will obviously be more confident and self-assured when her facial abnormalities are corrected.

These and countless other cases illustrate the humane good sense and desireability of federal subsidy. There are thousands of other children who will require support and professional assistance to make the transition to an adoptive family successfully. Almost all of the children now coming into adoption have been in several other homes. They have no trust for adults and have had their confidence in themselves broken many times. It will take intensive therapy to enable these youngsters and their new families to form the bond of love and trust that is essential for a happy and productive adulthood. We must always remember that these children, crippled by lack of love as they certainly are, will comeday become parents themselves. The quality of their experiences will largely determine their ability to give to children of their own.

Adoption subsidy is obviously cost effective. It can make the critical difference for many children who are waiting for permanent homes. It has far more lasting effects if through the use of subsidized placement, we can help to break the tragic cycle of disrupted families and displaced children. People who have known security and stability are much more likely to be able to offer to others in later life. Adoption truly does build families, and for generations to come.

The North American Council on Adoptable Children is grateful for the opportunity to present testimony today on the need for federal adoption subsidy. We stand ready to help the Congress in its effort to assure that our most vulnerable children have the benefit of every possible resource as we seek to provide them with the home and family we believe is the birthright of every child.

Mr. CORMAN. I just have to tell you, Ms. Flynn, I think you have something that cannot be bought with Federal, State, or county dollars; and that is compassion. Perhaps if we could assist with the financial needs, we could find more people like you to supply that necessary ingredient of compassion, and a lot of children would be better off.

Mr. PIERCE. Mr. Chairman, in that regard, I just wanted to tell you we knew you had to go vote, but we were sorry you missed our gratitude for your leadership on these issues during the last Congress and the dedication you have shown by moving this legislation now. We would also like to offer a simple suggestion for your markup tomorrow, and that is that Mr. Brodhead's bill is very nice and well crafted. You have had it longer than the administration's bill, and Mr. Downey has a nice bill which would amend it.

In the interest of time, if you would just like to report Mr. Brodhead's bill as amended by Mr. Downey's bill, I think that would be real nice.

Mr. CORMAN. That makes some sense to me. I thank this panel very much for your contribution. I especially thank you, Ms. Flynn, for not just your testimony but for the dedication you have given. Thank you all very much.

I have an agreement with Tip O'Neill. He never keeps me waiting and I never keep his son waiting.

We are pleased to welcome to the subcommittee today Thomas P. O'Neill III, Lieutenant Governor, Commonwealth of Massachusetts, on behalf of the National Governors Association.

I must say we have had from your State tremendous help in winding our way through some very complex problems. We welcome you to this subcommittee.

STATEMENT OF LT. GOV. THOMAS P. O'NEILL III, STATE OF MASSACHUSETTS, ON BEHALF OF THE NATIONAL GOVERNORS' ASSOCIATION

Mr. O'NEILL. You are very kind. I appreciate that, Mr. Chairman.

I have a lengthy statement which was prepared to be given before your committee. Why don't I just submit it for the record?

Mr. CORMAN. Without objection, it will appear in full in the record, and you may summarize it if you wish.

Mr. O'NEILL. Fine. First of all, I would like to thank you and the committee for the amount of work they have done, for the attention they have paid in increasing the level of title XX. We think it tremendously important, "we" being the National Governors' Association, for whom I am speaking today.

Instead of talking in general terms about title XX, what I would like to do is talk about some of the child welfare issues before both you and the subcommittee today.

The Governors' Association has not taken a position on changing the formula for allocating funds. It is, however, a primary concern in my State. I am talking about those funds dealing with child welfare and adoptive care and for foster care.

Each year, the funding remains constant. Massachusetts loses approximately one-half million dollars because our relative share of our State's population is declining, but yet the population in need of social services in States like my own, Mr. Chairman, is forever increasing.

Since title XX mandates that 50 percent of the services be delivered to those receiving medicaid, SSI, and AFDC, it makes sense to include each State's share of these groups in the allocation formula, and we would hope that you as a group, that you and your committee would see fit to do so.

I would like to make mention about the training cap in the corresponding legislation. The NGA is very concerned over the administration's proposed cap on title XX training. Title XX has encouraged States to redirect their social services programs to develop systems that reflect the needs of all of our citizens. At the same time and as part of the overall social services effort, the States have been attempting to move people out of large institutions into more appropriate community-based care.

States have also been attempting to improve their management and their reporting systems. A critical tool for accomplishing all of these objectives is the ability of States to train, retrain, and redirect personnel.

The NGA has urged the Department of HEW to rewrite their training regulations to encourage better and more effective training at the lowest cost. During the last year in particular the National Governors Association has supported efforts to allow private, nonprofit agencies to offer training services to all the States. It also makes sense to provide training to the staff to administer social services programs.

We believe that these and other modifications would enable State governments to develop comprehensive training programs that would have a multiplier effect in improved management and in followthrough in delivery of services.

Now, the administration has proposed capping State training funds at 3 percent of each State's title XX allotments. Basically what that does in the Commonwealth of Massachusetts is, that while we are anticipating spending in excess of $9 million with a cap of 3 percent, that would reduce us to a level of approximately $2.7 million, and that would have detrimental effects on the training program in the Commonwealth of Massachusetts.

Mr. CORMAN. Governor, may I interrupt you at this point? We are not going to win on all points of contention with the administration and I am just trying to decide on our priorities. What if we said there would be a 3 percent cap at the 75-25 level, and another 3 percent cap at the 50-50 level, would that ease your problems? I thought we ought to try to leave some flexibility.

Mr. O'NEILL. I understand that, and I understand the considerations both you and the committee are thinking about as you consider the total congressional process, so in a word, yes, it would. I might also hold myself aside and say I am not speaking for the National Governors' Association when I say that.

Mr. CORMAN. I fully understand and appreciate that very much.

Mr. O'NEILL. OK. Let me go into child welfare services, if I might, for just a second. In May of 1977 this subcommittee developed landmark legislation, House bill 7200, which remains a model for good child welfare and adoption subsidy legislation. I would like to address a few of the issues included in the legislation.

First, the Federal child welfare program should be fully funded at its authorized level and converted to an entitlement program to insure continuity of funding. Second, the National Governor's Association supports the concentration of new money on services designed to strengthen families and prevent placement in foster homes. Anyone with child welfare experience knows the dangers of long-term foster care. Used appropriately, foster care is a valuable resource, but too often it is really the first line of nothing else but defense.

Many States, including my own State, have recognized the need to provide more supportive and preventive family services and to formulate permanent plans for those already in foster care, but with good intentions and limited money, it means progress will come very slowly to a halt.

The full funding of title IV-B will boost those efforts by providing badly needed funds to resolve family problems without removing the children. H.R. 7200 also created a process that will protect the long-term care of children.

There is some risk the bill might require more of the States than the funds available can deliver, however. The NGA endorses legislation that would establish a subsidy program to facilitate the adoption of so-called hard to place children. Provisions offered by Mr. Brodhead in his legislation, 1291, would appear to offer the most comprehensive program. Such a program has been very successful in Massachusetts. Our program has found adoptive parents for over 650 children with serious medical and emotional problems, including such illnesses or problems as cerebral palsy, Downe's Syndrome, and blindness.

Recently a subsidy allowed to a child born without sweat glands helped him to find a permanent home. The parents had to install air-conditioning to keep the temperature at a constant 72 degrees year round. Since many of these children require special medical and educational programs, our program would continue the subsidies until age 21, where and when necessary.

The NGA supports legislation to change the Federal funding for foster care under title IV-A, and include reimbursements for adoption subsidies for AFDC eligible children.

In addition, reimbursement for foster care or adoption subsidies for AFDC eligibles should be made for children voluntarily placed by parents.

The requirement of court adjudication is contrary to good child welfare practice.

While the safety and the welfare of many children sometimes requires court intervention, the final incentives to adjudicate placements may already tempt States to bring families to court unnecessarily.

Last year, both the Senate bill and the administration's proposal placed a cap on IV-A reimbursements for foster care. The cap derived from each State's payment during a base year.

The proposal was intended to deter States from placing children in foster care. While I agree with the intention of the cap, I feel the specific provisions were misdirected for the following reasons.

Any cap based on the amount of expenditures is unfair. Rates for foster care vary widely among all the States. Inflation alone rather than caseload growth will devour yearly adjustments.

If limits have to be set, they should be based on the number of children receiving foster care and not on the amount of money available.

Second. limits based on base care figures do not automatically reflect legitimate need. Thirty-two percent or 2,900 of my State's children in foster care are eligible for AFDC. The courts have determined that 1,900 of these kids need foster care. The remaining 1,000 children were placed voluntarily. The limit should not allow voluntary placements if they are to be eligible for assistance at all.

If a limit is to be established, it should be determined independent of current experience and reflect a need for foster care among low-income children. A percentage of each State's AFDC caseload on number of children and families below the AFDC standard would be more appropriate. It will not penalize sites affected by rate increases, inflation, and population shifts. It will also be more sensitive to State revisions in their own juvenile codes to deinstitutionalize offenders and State efforts to reach more abused and neglected children in a followthrough program.

Finally, the paradox between capping title XX training programs and requiring a heavier concentration on child welfare service to prevent foster care placement is striking. Every day child welfare workers face pressures to resolve family crisis by removing the child. The pressure comes from the courts, it comes from the schools, the community, and sometimes even the parents. It requires extensive training to calm the immediate crisis and work with the family problems with the child in the home. It is inconsistent to expect States to improve the preventive focus of their services and reduce the funds necessary to do it.

So, in conclusion, the subcommittee has consistently demonstrated support for far-reaching child welfare legislation. The Governors' Association is pleased with the priority you have given it this year.

If there is anything we can do, and I am talking specifically for the NGA, in helping you through this entire process you are looking forward to, we would be more than happy to do so. Thank you.

[The prepared statement follows:]

STATEMENT OF LT. GOV. THOMAS P. O'NEILL III, COMMONWEALTH OF MASSACHUSETTS, ON BEHALF OF THE NATIONAL GOVERNORS' ASSOCIATION

Mr. Chairman, members of the subcommittee, I am pleased to be here today on behalf of the National Goernors' Association. The Issues of Child Welfare Services and Title XX are not new, you have acted favorably in this area in the past. Unfortunately, the excellent legislation you reported last year, H.R. 7200 and H.R. 12973, failed because of delays in the Senate. We are therefore even more concerned than ever that legislation be enacted as soon as possible this year—the problems have only increased with time.

The Governors have been very active in their support for Title XX and Child Welfare Services legislation. This year in an effort to focus even more attention on these critical matters, the Governors established a special subcommittee under the Committee on Human Resources at their winter meeting to look specifically at social services issues. Under the leadership of Governor John Carlin of Kansas, this panel will be meeting next week to discuss pending legislation and the outcome of your deliberations.

Even though this subcommittee has just been formed, the National Governors' Association has a long record of testimony and positions regarding the issues before you.

TITLE XX

Two years ago we testified, along with a number of other organizations, urging an increase in the Title XX funding level. Last year we again came before you to support legislation you later endorsed which would have raised the Title XX permanent entitlement ceiling over a three-year period. In addition, that bill would have improved the overall planning and administration of the program.

Unfortunately, the Senate chose not to act on H.R. 12973. The resulting temporary increase to $2.9 billion has left states confused as they prepare for next year. Most states are well along, if not finished, developing their fiscal year 1980 comprehensive annual services plans not knowing whether they bear a 20 percent cut in federal participation: This predicament comes at a time of serious inflation and increasing demand, particularly for protective services for children where improved reporting requirements have resulted in mushrooming child abuse caseloads. The Administration has now endorsed the $2.9 billion ceiling. Even level funding, if inflation maintains its current pace, will bring a real decrease in services in fiscal year 1980. In addition, the Administration proposed adding adult shelter care as an allowable expense. While this makes programmatic sense, it is difficult to understand how this much needed change can be supported when on-going programs may have to be cut because of inflation.

Above all else, this yearly uncertainty over funding levels is hindering our overall social service effort. Quick Congressional resolution is needed at least to support the $400 million in jeopardy.

We are also pleased to support efforts to provide additional funding to offset the effects of inflation and to perhaps provide modest increases to meet growing demands for services.

There are a number of other Title XX issues which this subcommittee has either acted upon in the past or is being asked to consider by the Administration. Of particular concern to the Governors is the passage of legislation which would:

Provide for multi-year planning for Title XX at the states' option so that planning for social services may be more effective. Many states have biennial budget cycles and an effective citizen participation effort is often difficult under the constraints of a 12-month cycle;

Establish a separate entitlement for the territories and the Northern Marianas and ensure that as the overall Title XX ceiling increases, funding for these jurisdictions increases proportionately; and

Make permanent the authority established under Public Law 94-401 to allow tax credits and reimburse day care providers for the salaries of welfare recipients.

The Governors' Association has not taken a position on changing the formula for allocating funds. It is, however, a primary concern in my state. Each year the funding remains constant, Massachusetts loses half a million dollars because our relative share of the country's population declines. Yet the population in need of social services increases dramatically.

Our day care costs have increased from $16.5 million in fiscal year 1975, to $37.5 million in fiscal year 1980.

People in our mental hospitals and schools for the retarded are being placed in community programs and receiving social services. The number of elderly citizens requiring home care grows larger each year.

Reports on abused and neglected children are running over 1,200 per month, and 200 new protective service staff were added last year.

The state spends far more than we will ever claim under our ceiling. The need for service grows though our relative share of the nation's population declines.

Since Title XX mandates that 50 percent of the services be delivered to those receiving Medicaid, SSI and AFDC, it makes sense to include each state's share of these groups in the allocation formula.

TRAINING CAP

The NGA is very concerned over the Administration's proposed cap on Title XX training. Title XX has encouraged states to redirect their social services programs to develop systems that reflect the needs of their citizens. At the same time, and as part of the overall social services effort, states have been attempting to move people out of large institutions into more appropriate community based care. States have also been attempting to improve their management and reporting systems. A critical tool for accomplishing all of these objectives is the ability of states to train, retrain and redirect personnel.

The NGA has urged the Department of HEW to rewrite their training regulations to encourage better and more effective training at the lowest cost. During the last year in particular, the NGA has supported efforts to allow private nonprofit agencies to offer training services to states. It also makes sense to provide training to staff who administer social service programs. We believe that these and other modifications would enable states to develop comprehensive training programs that would have a "multiplier" effect in improved management and delivery of services.

Now the Administration has proposed capping state training funds at 3 percent of each state's Title XX allotment.

The proposal has not been supported by any programmatic rationale. Even the budgetary arguments are not persuasive since reimbursements have increased to $76 million, just a $16 million increase since fiscal year 1976. While the concern over potential growth in a small but unlimited program is justified, the solution is not. The vast majority of present spending is shared by a small number of states. A 3 percent cap will mean a loss of $6-7 million to Massachusetts, a 75 percent drop from our projected reimbursement for fiscal year 1980.

We feel the issue merits further review to devise a limit that is fair, and reflects the goals of the program. But legislative action should be delayed.

In short, it makes no sense to spend nearly $3 billion and not provide adequate training to make sure the money is well spent.

CHILD WELFARE SERVICES

Early in 1977, the NGA's Committee on Human Resources endorsed a series of improvements in child welfare services and foster care. They also called for passage of a federal adoption subsidy program modeled after those presently operating in several states. Similar positions were adopted by the Children's Defense Fund, The National Association For Retarded Citizens and others. The need for these changes is no less urgent today.

In May of 1977, this subcommittee developed landmark legislation—H.R. 7200. That bill remains a model for good child welfare services/adoption subsidy legislation. We are therefore pleased that similar legislation has been introduced this Congress by Mr. Brodhead and others. One of NGA's priorities is the passage of good child welfare services/adoption subsidy legislation this session of this Congress.

I would like to talk about a few of the issues addressed in HR 7200.

First, the federal child welfare program should be fully funded at its authorized level and converted to an entitlement program to assure continuity of funding.

Second, the NGA supports the concentration of new money on services designed to strengthen families and prevent placement in foster homes. Anyone with child welfare experience knows the dangers of long term foster care. Used appropriately, foster care is a valuable resource. Too often, it's the first line of defense.

Many states, including my own state of Massachusetts, have recognized the need to provide more supportive and preventive family services, and formulate permanent plans for those already in foster care. But good intentions and limited money mean progress will come very slowly.

The full funding of Title IV-B will boost those efforts by providing badly needed funds to resolve family problems without removing the children. HR 7200 also created a process that would protect the long term needs of children. Although there is concern that the bill would have required more of the states than the funds available could deliver.

The NGA, in particular, is hopeful that legislation to establish a subsidy program to facilitate the adoption of so-called "hard-to-place" children will be passed by Congress this year. This type of effort has been very successful in Massachusetts. Our program has found adoptive parents for 650 children with serious medical or emotional problems, including cerebral palsy, spina bifida, Down's Syndrome, deafness and blindness. Recently, a subsidy allowed a child born without sweat glands to find a permanent home. The parents had to install air conditioning to keep the temperature a constant 72 degrees year round. Since many of these children require special medical and educational programs, our program continues subsidies until age 21 when necessary.

The NGA, therefore, supports legislation to change the federal funding for foster care under Title IV-A and include reimbursements for adoption subsidies for AFDC eligible children. In addition, reimbursement for foster care or adoption subsidies for AFDC-eligible children should be made for children voluntarily placed by their parents or guardian. The requirement of court adjudication is contrary to good child welfare practice. While the safety and welfare of many children sometimes requires court intervention, the financial incentives to adjudicate placements may tempt states to bring families to court unnecessarily.

Last year both the Senate bill and the Administration's proposal placed a cap on IV-A reimbursements for foster care. As the discussion of this cap progressed, the rationale of an incentive to lower case load was used, and is still being used, by the Administration in its recently introduced legislation.

That argument appears to have a great deal of merit—under certain circumstances. The current Administration proposal would raise the amount of money a state could spend under its foster care program by 30 percent in fiscal year 1980 over an fiscal year 1978 base. If costs only rose by inflation over that two-year period it is assumed that there would be less than a 30 percent increase in costs. The Administration bill would then allow states to transfer their remaining allotment to their Title IV-B program to fund more services.

There are however a number of problems which need to be addressed with any cap proposed.

The first major issue is the base from which the "cap" is figured. Since current law does not allow for voluntarily placed children to be eligible for AFDC foster care, it is impossible to be sure how many children from AFDC-eligible families are currently in foster care. If under the proposal submitted by the Administration such children would be eligible, the case load in a number of states would increase dramatically.

If limits are to be set, they should be based on the number of children receiving foster care, not the amount of expenditure.

For example, thirty-two percent of 2,900 of my state's children in foster care are eligible for AFDC. The courts have determined that 1,900 of these kids need foster care. The remaining 1000 children were placed voluntarily. The limit should not ignore voluntary placements, if they are to be eligible for assistance.

If a limit is to be established, it should be determined independent of current experience and reflect the need for foster care among low income children. A percentage of each state's AFDC caseload or number of children in families below the AFDC standard would be more appropriate.

The second major issue is future unforseen increases in costs that would be greater than the increasing cap. These include among others: inflation, rate increases, population shifts and caseload growth due to improved reporting of incidents of child abuse.

The cumulative effect of any number of these factors and other "uncontrollables" could quickly wipe out a 30 percent increase over the two-year period fiscal year 1978-80 and the 10 percent increases proposed after that by the Administration.

One possible solution however to the problems of trying to provide an incentive to control caseload growth while at the same time ensuring continuity of funding and appropriate treatment of children in need of foster care is the inclusion of a strong and clearly defined provision by which the Secretary of HEW could waive a state's cap for any given year for legitimate reasons such as those outlined above. Such a provision, if well drafted, could allow for the exceptional cases while not deleting the positive aspects of a cap that allow states to move excess funds into their IV-B programs.

Finally, the paradox between capping Title XX training programs and requiring a heavier concentration on child welfare service to prevent foster care placement is striking. Everyday, child welfare workers face pressures to resolve family crisis by removing the child. The pressure comes from the courts, schools, the community and sometimes even parents. It requires extensive training to calm the immediate crisis and work with family problems with the child in the home. It is inconsistent to expect states to improve the preventive focus of their services and reduce the funds necessary to do it.

In conclusion, the subcommittee has consistently demonstrated its support for far-reaching child welfare legislation. The Governors' Association is pleased with the priority you have given it this year. I look forward to early passage by the House and more timely consideration in the Senate. In this "The Year of the Child," this landmark legislation will place us squarely behind family unity, stability, and permanent adoptive homes for children who need them.

Thank you.

Mr. CORMAN. We thank you very much. We appreciate that offer. You have been kind enough to have extended it in the past. If we could just have you concentrate on the Senate, because I think you will have the support in the House.

Mr. O'NEILL. I will take your word for it. Thank you.

Mr. CORMAN. Our next witnesses are Mr. Gerald Berge and Mr. Gregory Coler. Would you come forward?

We will take a 5-minute recess at this point.

[Whereupon, a brief recess was taken.]

Mr. CORMAN. The subcommittee will reconvene. Mr. Berge and Mr. Coler, I am pleased to welcome you to the subcommittee. You may proceed.

Mr. COLER. Thank you. I will try and summarize my testimony in 8 minutes or so.

Mr. CORMAN. Without objection, the full statement will appear in the record.

STATEMENTS OF GERALD BERGE, REGIONAL DIRECTOR, MILWAUKEE REGION, DIVISION OF COMMUNITY SERVICES, WISCONSIN DEPARTMENT OF HEALTH AND SOCIAL SERVICES; AND GREGORY COLER, DIRECTOR, ILLINOIS DEPARTMENT OF CHILDREN AND FAMILY SERVICES, BOTH ON BEHALF OF THE NATIONAL COUNCIL OF STATE PUBLIC WELFARE ADMINISTRATORS

Mr. COLER. Mr. Chairman and members of the subcommittee, my name is Gregory Coler. I am director of the Illinois Department of Children and Family Services, and chairman of the National Council of State Public Welfare Administrators' Committee on Social Services. I am here to give testimony on their behalf.

My colleague is Gerald Berge, regional director of the Division of Community Services within the Wisconsin Department of Health and Social Services. We are pleased by this opportunity to share with you our views on foster care, adoption assistance, and titles IV-B and XX social services.

We want to express our sincere appreciation of your leadership, advocacy, and tenacious determination to assure that responsible legislation is enacted around publicly funded services. We know that you, the members of this subcommittee, and your staff, have over the past 2 years struggled with many of the hard issues involved in social services for vulnerable groups and individuals. You have framed responsive legislation and have secured its passage in the House, and you have kept these issues alive on the congressional agenda in competition with better publicized and better understood problems related to energy, inflation, and taxes. We know something about how difficult that endeavor can be, and assure you we will do our best to help your efforts succeed in 1979.

Our positions on this legislation are on record in published hearings before this subcommittee in May of 1977, and before the Senate Finance Committee in hearings held in July that year. We will therefore touch only upon major points of those positions, as they relate to legislation reintroduced in the House and prepared for introduction by the administration.

We support the creation of a new part E under Social Security Act title IV to authorize a program of Federal assistance to States for foster care and adoption assistance, replacing the existing section 408 of title IV-A, and to include new State administrative plan requirements to assure effective administration of the program.

We support the provision of voluntary placement authority under title IV, including a court or independent administrative review of these placements conducted within 6 months to determine the appropriateness of the placement, and what actions should be taken to secure permanency for the child.

We support amendments to provide that small public institutions with 25 children or fewer may qualify for reimbursement for foster care maintenance payments so as to make possible more group home and residential treatment center placements.

We support the design of mechanism to provide due process protection for children placed in out-of-home care, for biological parents and for foster parents.

In 1977, the council took the position that there should be no cap on Federal financial participation in the costs of maintaining a child in foster care, within the federally assisted AFDC program. State administrators believed that the proposed action to close off this Federal aid was precipitous, and unsound.

When the council's Social Services Committee met in February 1979, to review positions previously adopted on title XX and child welfare services legislation, the committee recommended a review of their position on a foster care cap. The action is to be related to the administration's new proposal, when it becomes generally available. We expect our committee will perform this review in the near future. In the meantime, there are cautionary notes that should be heeded:

The administration should determine whether cap proposals would leave room to accommodate Federal matching for voluntary placements under authority available under the new part E, or whether the ceiling proposed would prevent States from claiming reimbursement under this important change.

For example, States whose policy for foster care services require that voluntary placements be utilized wherever appropriate, rather than court adjudication for every foster care case, would not have fiscal year 1978 expenditures for AFDC foster care covering voluntary placements. This could make their base year for the foster care ceiling unrealistically low.

Since under present law AFDC funds may not be utilized for a voluntary placement—even when the child is otherwise eligible for AFDC foster care matching—such States would be spending State and local funds exclusively, or using them in combination with title IV-B funds. In neither case would these ongoing expenditures be considered in any base year chosen for a cap on Federal financial participation in foster care payments.

If a ceiling is placed on Federal payments for foster care, and if for the above cause or any other reason States have not claimed proper reimbursement under IV-A, section 408, or if states experience unforeseen and unavoidable increases in foster care costs—Congress should authorize the Secretary to adjust the base year and or expenditure levels, when specific cause could be shown by a State why this should be done, under criteria developed by the Secretary.

The council has taken the position that it would be particularly counterproductive to cap administrative expenditures, while relying very heavily on the development and implementation of administrative systems to control foster care and keep States within the realm of reasonable expenditures. In this regard, it may be noted that failure to perform specific administrative activities, and failure to have specific administrative systems in place. would put a State "out of compliance" with proposed part E State plan requirements.

Yet there exist no data at HEW to show whether 30 percent of a State's allotment of proposed new title IV-B funds would fully cover the costs of those mandatory administrative expenditures, or what percentage of those costs would have to be accommodated under capped administrative expenditures for new part IV-E in some cases.

We question the reasons for capping the administration's proposed adoption assistance program. It is a fiscally and programmatically sound alternative to impermanent foster care placement for children with special needs. The reason for putting foster care and adoption assistance funds into a single account with a fixed ceiling may be desired for accounting symmetry or simplicity, but it overlooks serious potentials for program distortion.

If, for example, a State is unable for any reason to "live" within a IV-E foster care and adoption assistance cap, then the broadly supported Federal adoption assistance program might be shut down in that State, along with FFP in foster care. This was not what the policymakers who developed adoption assistance proposals intended to do.

We support proposed legislation to provide adoption assistance from Federal funds for AFDC-eligible children who have special needs, such as a physical or mental handicap, being an "older" child or the member of a sibling group or of a racial minority.

Medicaid coverage for children with special needs. Medicaid coverage should be mandatory for any medical condition that contributed to the difficulty of placing a child with special needs for adoption, and it should continue as long as the condition persists. States should have the option of providing full medicaid coverage for such children.

We strongly support the conversion of title IV-B from its current status as a child welfare services program subject to the annual "appropriations" process, and making it instead an entitlement program whose funding level could be planned for and relied upon by the States. This has been an important objective of the council and the American Public Welfare Association over the past 6 years.

We have supported and we continue to support the administration's proposals to utilize phased increases in title IV-B funding to reach the full $266 million authorization, as a fiscal incentive for States to establish foster care information systems—including case load inventory, periodic case reviews, and mandatory dispositional hearings—as well as to assure due process protection for children, biological parents, and foster parents. We believe this approach, in combination with the proposed State plan requirements under a new part E of title IV, is more workable, cost effective, and enforceable than the foster care protection amendments to title IV-B which were passed by the House under H.R. 7200 in 1977.

The council has been closely involved with the travails and successes of title XX since the early days of its legislative development in 1973–74. We have continuously sought support for proposals to strengthen this statute and to improve regulatory policy related to it.

In February this year, our Social Services Committee developed a comprehensive set of recommendations for legislative and administrative action to improve and strengthen title XX. These are attached to this statement as appendix I. I will mention only a few highlights and hope that you will refer to our written testimony as you mark up your 1979 legislative proposals for this program. We believe our recommendations are substantial and fortuitously timed.

We strongly urge that the current, temporary ceiling of $2.9 billion be made permanent, and that for fiscal year 1980 this ceiling be permanently increased by an additional $300 million—an increase of approximately 9.4 percent. Beginning with fiscal year 1981 we urge that a permanent funding escalator tied to the Consumer Price Index be incorporated within the title XX statute in order to offset future inflation losses.

We recommend that there be a set-aside from the total of any new, permanent funds provided for title XX in fiscal year 1980 and thereafter—in the amount of perhaps 15 percent of those new funds—for title XX management improvement activities.

We see management improvement in the areas of planning, information systems, and program evaluation as absolutely essential next steps in the progress of title XX, if indeed it is to progress toward achievement of its potential for rationalizing social service systems. We do not believe this can happen without a set-aside of funds for these purposes.

As you know, when funding resources are perceived to be particularly limited, services to persons who need them will take precedence over management-strengthening activity every time, even though these services may be wasteful and inefficient because management is weak, or underdeveloped.

This is a "Catch-22" proposition. We cannot get the substantial new funds we need to sustain and expand services without the solid data to justify those expenditures. We cannot get the data because we need to spend the funds for services.

The President's budget for fiscal year 1980 announced that legislation would be proposed to cap title XX training funds at 3 percent of a State's title XX allocation, for whatever year it became effective. The National Council of State Public Welfare Administrators unanimously opposes this legislation. If there is an area in which administrators of title XX programs are in perfect accord, it is in their support for staff training and development as a key to better social services delivery systems, and a better quality of services delivered.

If such a cap, arbitrary and rigid as it is, is placed on title XX training expenditures, then much-needed changes and improvements in State and local title XX training programs will become even more difficult to obtain. Here is a major training policy being proferred by the administration, with some panic, but no strong data behind it. We urge the members of this committee to require, instead, that the necessary facts and information be gathered by HEW to support several different and acceptable policy options for future Federal financial participation in title XX training.

Mr. Chairman, we recognize that there are strongly competing demands at present for quite limited public funds available to all levels of government, local, State, and Federal. We know that not all demands will be met, and we realize that somehow these not so evenly matched teams will have to work it all out.

Nevertheless, we think that there come certain moments in time when one competing priority should be pushed ahead of others. This seems to us to be the moment—and year—for pushing ahead very hard on child welfare services, foster care, adoption assistance, and title XX improvements.

We hope the concerned committees and a majority of Congress agree.

Mr. **Corman**. Thank you very much. Next, Mr. Berge.

Mr. **Berge**. Thank you.

My name is Gerald Berge. I am the regional director for the Milwaukee region, Department of Health and Social Services, for the State of Wisconsin.

I would like to reiterate Mr. Coler's comments and express deep appreciation of the State of Wisconsin and specifically our secretary, Don Percy, for the opportunity to appear here today before you and be heard on this very important topic. I also have prepared a written statement that is on file with the committee.

I would like to take a few minutes to hit a couple of high points, and I will restrict my comments exclusively to the title XX program itself.

Mr. **Corman**. Your full statement will appear in the record at this point.

[The prepared statement and appendixes follow:]

STATEMENT OF GREGORY COLER, DIRECTOR, ILLINOIS DEPARTMENT OF CHILDREN AND FAMILY SERVICES, AND CHAIRMAN, SOCIAL SERVICES COMMITTEE, NATIONAL COUNCIL OF STATE PUBLIC WELFARE ADMINISTRATORS

Mr. Chairman and members of the Subcommittee, my name is Gregory Coler. I am Director of the Illinois Department of Children and Family Services, and Chairman of the National Council of State Public Welfare Administrators' Committee on Social Services. I am here to give testimony on their behalf.

My colleague is Gerald Berge, Regional Director of the Division of Community Services within the Wisconsin Department of Health and Social Services. We are pleased by this opportunity to share with you our views on foster care, adoption assistance, and Titles IV-B and XX social services.

These cryptic phrases—IV-B and XX services—are convenient labels to describe activities people undertake to protect and care for those in our midst who are helpless or vulnerable—and to assist other people in coping with personal problems and conditions that seriously inhibit their functioning. Social services have no age limitations, nor are they furnished only in one or another specific setting such as a hospital or school. They deal with some of the most intractable and tragic of human failings. They are among the most difficult and challenging of the human services.

For these reasons, we want to express our sincere appreciation of your leadership, advocacy and tenacious determination to assure that responsible legislation is enacted around publicly funded services. We know that you, the members of this Subcommittee and you staff, have over the past two years struggled with many of the hard issues involved in social services for vulnerable groups and individuals. You have framed responsive legislation and have secured its passage in the House. And, you have kept these issues alive on the Congressional agenda in competition with better-publicized and better-understood problems related to energy, inflation and taxes. We know something about how difficult that endeavor can be, and assure you we will do our best to help your efforts succeed in 1979.

As members of the National Council of State Public Welfare Administrators we approach the legislative proposals under consideration today with some history, too. The Council was actively involved in 1977 in the development of the child welfare services initiatives to increase funding for Title IV-B, to improve the foster care services systems and to establish a new, federally assisted adoption subsidy program for children with "special needs."

We supported the efforts of Congressional and other child welfare advocates to get legislation that had earlier been approved in different versions by both the House and Senate reconciled in conference between the two, before the close of the 95th Congress. Like you, we were deeply disappointed when those efforts failed at the very last moment.

Our positions on this legislation are on record in published hearings before this Subcommittee in May of 1977, and before the Senate Finance Committee in hearings held in July that year. We will therefore touch only upon major points of those positions, as they relate to legislation re-introduced in the House and prepared for introduction by the Administration.

NEW PART E OF TITLE IV: FOSTER CARE AND ADOPTION ASSISTANCE

Proposed Title IV-E: We support the creation of a new Part E under Social Security Act Title IV to authorize a program of federal assistance to states for foster care and adoption assistance, replacing the existing Section 408 of Title IV-A, and to include new state administrative plan requirements to assure effective administration of the program.

Voluntary or Emergency Placements in Foster Care: We support the provision of voluntary placement authority under Title IV, including a court or independent administrative review of these placements conducted within six months to determine the appropriateness of the placement, and what actions should be taken to secure permanency for the child.

Small Public Institutions: We support amendments to provide that small public institutions with 25 children or fewer may qualify for reimbursement for foster care maintenance payments so as to make possible more group home and residential treatment center placements.

Due Process Protection: We support the design of mechanism to provide due process protection for children placed in out-of-home care, for biological parents and for foster parents.

"Cap" on Foster Care and Adoption Assistance (including administrative costs) under proposed Part IV-E: In 1977 the Council took the position that there should be no "cap" on federal financial participation in the costs of maintaining a child in foster care, within the federally assisted AFDC program. State administrators believed that the proposed action to close off this federal aid was precipitous, and unsound. They also felt that such proposals should be preceded, in any event, by administrative actions at the federal level: such as a thorough, documented study by HEW of the appropriateness and efficacy of putting a ceiling on federal contributions to foster care as a device to reform the foster care system; or, a test of whether foster care and child welfare services program amendments would achieve foster care reform through incentives more positive than "caps."

When the Council's Social Services Committee met in February, 1979, to review positions previously adopted on Title XX and child welfare services legislation, the Committee recommended a review of their position on a foster care cap. The action is to be related to the Administration's new proposal, when it becomes generally available. We expect our Committee will perform this review in the near future. In the meantime, there are cautionary notes that should be heeded:

Impact on New Voluntary Placement Authority: The Administration should determine whether cap proposals would leave room to accomodate federal matching for voluntary placements under authority available under new Part E—or whether the ceiling proposed would prevent states from claiming reimbursement under this important change. For example, states whose policy for foster care services require that voluntary placements be utilized wherever appropriate—rather than court adjudication for every foster care case—would not have fiscal year 1978 expenditures for AFDC foster care covering voluntary placements. This could make their base year for the foster care ceiling unrealistically (and possibly unworkably) low. Since under present law AFDC funds may not be utilized for a voluntary placement—even when the child is otherwise eligible for AFDC foster care matching—such states would be spending state and local funds exclusively, or using them in combination with Title IV-B funds. In neither case would these ongoing expenditures be considered in any base year chosen for a cap on federal financial participation in foster care payments.

Secretarial Authority to Adjust a Cap: If a ceiling is placed on federal payments for foster care, and if for the above cause or any other reason states have not claimed proper reimbursement under IV-A Section 408, or if states experience unforeseen and unavoidable increases in foster care costs—Congress should authorize the Secretary to adjust the base year and/or expenditure levels, when specific cause could be shown by a state why this should be done, under criteria developed by the Secretary.

Capping Administrative Costs for New Part E, Title IV: The Council has taken the position that it would be particularly counter-productive to cap administrative expenditures, while relying very heavily on the development and implementation of administrative systems to control foster care and keep states within the realm of reasonable expenditures. In this regard, it may be noted that failure to perform specific administrative activities, and failure to have specific administrative systems in place, would put a state "out of compliance" with proposed Part E state plan requirements. Yet there exist no data at HEW to show whether 30% of a state's allotment of proposed new Title IV-B funds would fully cover the costs of those mandatory administrative expenditures—or what percentage of those costs would have to be accommodate under "capped" administrative expenditures for new Part IV-E in some states.

Capping the Adoption Assistance Program: What is the rationale for capping a proposed program deemed to be a fiscally and programatically sound alternative to "impermanent" foster care placements for children with special needs? The reason for putting foster care and adoption assistance funds into a single account with a fixed ceiling may be a desired for accounting symmetry or simplicity, but it overlooks serious potentials for program distortion. If, for example, a state is unable for any reason to "live" within a IV-E foster care and adoption assistance cap, then the broadly supported federal adoption assistance program might be shut down in that state, along with FFP in foster care. This was not what the policy makers who developed adoption assistance proposals intended to do.

Saving on Costs: Adoption assistance for children with special needs, and preventive and restorative services for children who might otherwise enter or remain needlessly long in foster care, are deemed to be socially cost-effective services at very least. They are sound policy. But that does not necessarily mean these services will by themselves translate into a reduction of total outlays for all of child welfare services program expenditures, which are of course affected by numerous other conditions. Therefore, we would be reluctant to recommend that a sound social service policy be promoted on the assumption of total program cost reductions, though savings within one or another specific activity may well be one of the desired outcomes of a policy change.

Adoption Assistance for Special Needs: We support proposed legislation to provide adoption assistance from federal funds for AFDC-eligible children who have special needs, such as a physical or mental handicap, being an "older" child or the member of a sibling group or of a racial minority.

Eligibility Criteria for Adoptive Parents of Children with Special Needs: We support income-related criteria for adoptive parents to participate in the proposed program. We think the upper limits should relate to state median income, but be generous enough to accommodate necessary special expenditures for special needs children. The amount of the assistance payment should not exceed the foster family home maintenance payment rate, re-adjustable to reflect changed circumstances in family income. Adoption assistance should include amounts to cover the non-recurring costs associated with adoption.

Medicaid Coverage for Children with Special Needs: Medicaid coverage should be mandatory for any medical condition that contributed to the difficulty of placing a child with special needs for adoption, and it should continue as long as the condition persists. States should have the option of providing full Medicaid coverage for such children.

AMENDMENTS TO TITLE IV-B CHILD WELFARE SERVICES

Conversion of IV-B to an Entitlement Program: We strongly support the conversion of Title IV-B from its current status as a child welfare services program subject to the annual "appropriations" process, and making it instead an entitlement program whose funding level could be planned for and relied upon by the states. This has been an important objectives of the Council and the American Public Welfare Association over the past six years.

Two Part Phase-in of $266 million IV-B Entitlement: We have supported and we continue to support the Administration proposals to utilize phased increases in Title IV-B funding to reach the full $266 million authorization, as a fiscal incentive for states to establish foster care information systems (including caseload inventory, periodic case reviews and mandatory dispositional hearings) as well as to assure due process protection for children, biological parents and foster parents. We believe this approach—in combination with the proposed state plan requirements under a new Part E of Title IV—is more workable, cost effective and enforceable than the foster care protection amendments to Title IV-B which were passed by the House under H.R. 7200 in 1977.

TITLE XX AMENDMENTS

The National Council of State Public Welfare Administrators supported the Title XX amendments passed by the House in H.R. 12973 last year. These included permanent increases in the Title XX ceiling, a multi-year planning option for the Title XX Comprehensive Annual Services Program (CASP) plan, extension of the 30-day emergency shelter authority to cover adults in need of protection as well as children, and a separate Title XX entitlement for the U.S. Territories and Northern Marianas.

Again, we were much disappointed when these amendments failed of enactment in the final days of the 95th Congress. It meant that state and local plans for program and management improvements had to be abandoned, or held in abeyance for another year—or years.

The Council has been closely involved with the trvails and successes of Title XX since the early days of its legislative development in 1973-74. We have continuously sought support for proposals to strengthen this statute and to improve regulatory policy related to it. We have opposed some amendments that we felt would weaken Title XX.

In February this year, our Social Services Committee developed a comprehensive set of recommendations for legislative and administrative action to improve and strengthen Title XX. These are attached to this statement as Appendix I. I will mention only a few highlights and hope that you will refer to our written testimony as you mark up your 1979 legislative proposals for this program. We believe our recommendations are substantial and fortuitously timed.

Permanent Increases in the Title XX Ceiling: We strongly urge that the current, temporary ceiling of $2.9 billion be made permanent, and that for FY 80 this ceiling be permanently increased by an additional $300 million—an increase of approximately 9.4 percent. Beginning with fiscal year 1981, we urge that a permanent funding escalator tied to the Consumer Price Index be incorporated within the Title XX statute in order to offset future inflation losses.

Management Improvement for Title XX: We recommend that there be a "set-aside" from the total of any new, permanent funds provided for Title XX in fiscal year 1980 and thereafter—in the amount of perhaps 15 percent of those new funds—for Title XX management improvement activities for: comprehensive program planning, program monitoring, information systems development or improvement, and program evaluation. These set-aside funds should be available for distribution to states on the same population-based formula upon which the basic Title XX grant is allocated, provided that—as a pre-condition to receipt of its allotted share—a state would have to meet criteria for management improvement activities established by the Secretary, in consultation with the states. Once having achieved levels of improvement that accord with such criteria, the state's share of the set-aside could revert to its basic Title XX allocation.

We see management improvement in the areas of planning, information systems and program evaluation as absolutely essential next steps in the progress of Title XX, if indeed it is to progress toward achievement of its potential for rationalizing social services systems. We do not believe this can happen without a set-aside of funds for these purposes. As you know, when funding resources are perceived to be particularly limited, services to persons who need them will take precedence over management-strengthening activity every time, even though these services may be wasteful and inefficient because management is weak, or underdeveloped. This is a Catch-23 proposition. We cannot get the substantial new funds we need to sustain and expand services without the solid data to justify those expenditures. We cannot get the data because we need to spend the funds for services.

Attached to this statement as Appendix II is APWA's draft report on the October 1978 National Title XX Policy Symposium. This Symposium was designed to examine Title XX's record and propose pathways for the future. The facts and rationale behind a number of our recommendations are described in some detail in the Symposium report.

Title XX Training Funds: The President's budget for FY 80 announced that legislation would be proposed to cap Title XX training funds at 3% of a state's Title XX allocation, for whatever year it became effective. The National Council of State Public Welfare Administrators unanimously opposes this legislation. If there is an area in which administrators of Title XX programs are in perfect accord, it is in their support for staff training and development as a key to better social services delivery systems—and a better quality of services delivered.

They agree as well that social services manpower training policy reflected in current Title XX regulations falls far short of meeting their needs; it has, in fact, prevented states from developing the kinds of training programs that would be responsive to the unique features of Title XX.

If such a cap—arbitrary and rigid as it is—is placed on Title XX training expenditures, then much-needed changes and improvements in state and local Title XX training programs will become even more difficult to obtain. Here is a major training policy being proffered by the Administration, with some panic, but no strong data behind it. We urge the members of this Committee to require, instead, that the necessary facts and information be gathered by HEW to support several different and acceptable policy options for future federal financial participation in Title XX training.

Mr. Chairman, we recognize that there are strongly competing demands at present for quite limited public funds available to all levels of government—local, state and federal. We know that no all demands will be met. And, we realize that somehow these not-so-evenly matched teams will have to work it all out.

Nevertheless, we think that there come certain moments in time when one competing priority should be pushed ahead of others. This seems to us to be the moment—and year—for pushing ahead very hard on child welfare services, foster care, adoption assistance and Title XX improvements.

We hope the concerned Committees and a majority of Congress agree.

1979 LEGISLATIVE AGENDA FOR TITLE XX, TITLE IV-B, FOSTER CARE, AND ADOPTION ASSISTANCE

[Unanimously approved, as amended, by the NCSPWA February 15, 1979.]

TITLE XX ISSUES (13 ITEMS)

1. Funding increase for title XX services

Recommendations.— a. Amend Title XX to make permanent the current temporary ceiling of $2.9 billion.

b. For fiscal year 1980, increase the ceiling permanently by an additional $300 million (up to $3.2 billion)—an increase of approximately 9.4 percent over the current temporary ceiling.

c. From the total of new permanent funds provided for FY 80 and thereafter, set aside 15 percent for state management improvement activities in the areas of comprehensive planning, program monitoring, information systems development or improvement, and program evaluation activities. These set-aside funds shall be available for distribution to states on the same population based formula upon which the basic Title XX grants are presently allocated; provided that, as a precondition to receipt of its allotted share, a state shall meet criteria for such management improvement activities as established by the Secretary of HEW in consultation with the states. Once having achieved levels of activity that accord with such criteria, the state's share of the set-aside may revert to the state's general Title XX services allocation.

d. Beginning in fiscal year 1981, permanently increase the ceiling on Title XX (either in one lump sum or in increments) to recoup the $500 million to $800 million erosion of Title XX funds caused by inflation between 1972 and 1977.

e. Beginning with fiscal year 1981, incorporate within the Title XX statute a permanent funding escalator tied to the Consumer Price Index to offset inflation losses.

2. Cap on current open-end title XX training funds

a. Oppose an all-inclusive cap. Recommend instead that a cap (based upon data developed by HEW through a survey of current and projected needs) be placed upon Title XX training funds, but only for training other than in-service training for public agency and provider personnel. This proposal would not exclude expenditures for individual employees to obtain higher degrees.

3. Multiyear planning option for title XX CASP (comprehensive annual services program) plan

a. Recommend that Title XX be amended to provide states the option for either a one-year, a two-year, or a three-year planning cycle for Title XX. Recommend that HEW seek amendments to other social services programs (such as Older Americans Act and Rehabilitation Services Act programs) to provide the same one-, two-, and three-year options for the state plan.

4. Extension of 30-day emergency shelter provision to adults

Currently Title XX authorizes emergency shelter services, not to exceed 30 days, for the purpose of protective services for children.

a. Recommend that current Title XX 30-day emergency shelter for children be extended by amendment to include adults.

5. Separate title XX Entitlement for Territories and Northern Marianas

While the Committee did not discuss this Administration proposal on February 14, due to oversight, the Council has previously approved recommendations to provide for a separate Title XX entitlement for the Territories and the Northern Marianas.

a. Recommend that the Council reaffirm its previous position on this point.

6. Authority for reimbursement of salaries of welfare recipients employed by child day care facilities

Public Law 94-401 authorized tax credits and authority to reimburse day care providers for the salaries of welfare recipients (up to a maximum), utilizing Title XX funds. This authority expired on September 30, 1978. The Chairman of the Senate Finance Committee has introduced a bill to extend the authority retroactive to October 1, 1978.

a. Recommend that the authority to reimburse welfare recipients' salaries and to authorize tax credits for this purpose be made permanent.

7. Annual report based on title XX CASP plan

Prior to enactment of Public Law 93-647, the Title XX statute, House and Senate Conferees agreed to delete a requirement that states publish an annual report based upon the annual CASP plan. The annual report was to have been an integral feature of the public accountability concept built into Title XX.

a. Contingent upon enactment of the funding set-aside for management improvements suggested in Recommendation No. 1-c above, recommend that the Title XX statute be amended to require an annual report based upon the CASP plan. Format for this report shall be developed by the Secretary of HEW in consultation with the states.

8. Restrictions on donated funds

Public Law 93-647 prohibits reimbursement of expenditures made from donated private funds unless such funds are transferred to the State and are under its administrative control, are donated to the State without restrictions as to use (other than restrictions as to the services with respect to which the funds are to be used imposed by a donor who is not a sponsor or operator of a program to provide those services, or the geographic area in which the services are to be provided).

a. Recommend that these restrictions be deleted as they apply to funds donated by nonprofit organizations.

9. Title XX grant allocation formula

In October of 1972, Congress amended the Social Security Act to place a ceiling of $2.5 billion on federal expenditures for social services programs under Titles I, X, IV-A, XIV, and SVI. The ceiling amendment provided for allotments to states based upon their relative share of total population for the 50 states and the District of Columbia. Both the ceiling and the formula were carried into Title XX in 1975. Interest has been expressed in revising the Title XX allotment formula (for example, on the basis of populations "at risk").

a. Recommend that the current Title XX population-based allocation formula be retained without change.

10. Synchronizing the title XX CASP plan with the State budget process

Studies, conferences, and discussions centered on the effectiveness and credibility of the CASP planning and public review process since its inception in 1975 indicate that one of several serious impediments to attaining those objectives has been in incompatibility of the CASP process (as required by the statute and implementing regulations) with the state budget and decision-making processes related to services expenditures. One result is that both the CASP and the review process have been seen as interesting but irrelevant. A multi-year planning option would relieve much of this problem, however additional action should be considered.

a. Recommend that HEW develop and propose a Title XX amendment to provide that the Secretary may waive CASP procedural requirements (1) upon demonstration by a state that such procedure only replicates or adds to public participation and review procedures currently in effect in the state in connection with the state's budget development and decision-making processes. The waiver would remain valid only so long as the requisite procedures remain in effect.

11. Reducing the number of separate social services-related plans submitted to HEW

A major federal objective in the development and enactment of Title XX was to encourage comprehensive planning for social services. The existence in federal statutes of separate state plan requirements for each of several major social services programs jointly financed by the states and the federal government constitutes a serious barrier to comprehensive planning. The Joint Funding Simplification Act of 1974 was directed in part toward this problem (however, both the Older Americans and the Rehabilitation Services Acts have been excepted from the JFSA by acts of Congress).

a. Recommend that HEW develop and propose amendments to the several social services programs which it administers to permit states to apply for waiver of separate state plan requirements for the purpose of integrating such state plan (or plans) into a single-state plan of services utilizing Title XX as the vehicle. This would cut planning costs and provide a strong assist to the objective of comprehensive planning for social services.

12. Title XX training policy

Publication of revision to Title XX training regulations, which contained a number of important changes recommended by state administrators, was anticipated in October 1978. Among specific proposals being addressed in the draft revisions were (1) which agencies/institutions/individuals may be reimbursed for providing training under Title XX, (2) what is the minimum time requirement for "short-term" training, (3) what activities [such as institutes/seminars/conferences] qualify for short-term training, and (4) who may be trained.

On the issues of who may be trained, states have strongly urged that training for management-level provider personnel be eligible for reimbursement under Title XX. This position is consistent with HEW's concern (and equally serious concern of states) to strengthen management in all major social welfare programs to promote effective use of funds and to prevent or reduce fraud, waste, or error. More flexible training regulations are consistent with evidence that some of the most significant improvements in the quality of child care services now being sought through Federal Interagency Day Care Requirements (FIDCR) must rely heavily upon strong training programs for provider personnel and family day care givers.

Additional expenditures for training related to management improvements affecting all social services are needed now and will continue to be needed until a time in the future which no one presently has the data to forecast; so also will additional expenditures be required to train day care provider personnel (including care-takers and managers).

Nevertheless, controversy within the Administration (HEW/OMB) on budget control issues has delayed publication to date of the needed regulatory changes. In addition, the Administration is proposing a cap on Title XX training that would require reduction of expenditures in at least eleven states in 1979.

a. Recommend that the Administration be urged to review its training policy for internal contradictions that undermine efforts by the states and by HEW to improve the management and quality of services they administer.

b. Recommend that new Title XX training regulations assure that states have a choice of training instrumentalities, of short-range training time frames, and of which personnel shall be trained.

c. Recommend that Title XX training cap issues be resolved in accord with Recommendation No. 2 above.

13. Title XX financial guide

A draft Guide for Federal Financial Participation in Title XX was developed within the Administration for Public Services/OHDS and distributed for state comments during November and December 1978. Regional meetings were also held on the subject. Comments, both written and verbal, have raised serious concern on specific issues and with the overall effect of the guidelines as proposed. It is understood that the draft is being substantially revised.

a. Recommend that a revised draft for Title XX financial guidance be made available to all states, when completed, for a 90-day review and comment period prior to finalization.

RECOMMENDATIONS RE CHILD WELFARE SERVICES: TITLE IV-B, FOSTER CARE AND ADOPTION ASSISTANCE

The Council's Social Services Committee was actively involved in 1977 in the development of a major child welfare services initiative involving increasing funding for Title IV-B and conversion of that program into an entitlement, improvements to the current foster care services system, and a new federally assisted adoption subsidy program. Many of the Council's policy recommendations appeared in the bill introduced in the Summer of 1977 by the Administration under the number S. 1928. Within H.R. 7200, the House passed child welfare services amendments which differed considerably from S. 1298; the Senate Finance Committee reported out child welfare services amendments which, with significant changes, incorporated parts of both S. 1928 and H.R. 7200.

The Council adopted and subsequently reaffirmed positions supporting what were deemed to be the best features of each of the three different bills. These positions are summarized in a one-page fact sheet dated January 1978 entitled "National Council of State Public Welfare Administrators' Social Services Committee Priority Issues in H.R. 7200."

No child welfare services initiatives were enacted prior to the adjournment of Congress in October 1978, due in part to the end-of-session pressures and in part to controversy over a proposed cap on AFDC foster care maintenance payments.

In 1979, child welfare services amendments have been reintroduced in the House under H.R. 1523—which is a replica of the amendments passed by the House in H.R. 7200—and H.R. 1291, also identical in content to H.R. 7200 except that the adoption subsidy provisions follow those approved by the Senate Finance Committee and subsequently passed by the Senate.

a. Recommend that again in 1979 the NCSPWA affirm the positions it approved in 1977 and 1978, with particular emphasis on its support for the "foster care protections" provided by S. 1928, and firm opposition to the "foster care protections" passed by the House in H.R. 7200 and replicated in the 1979 bills H.R. 1291 and H.R. 1523.

b. Recommend that the Social Services Committee review the foster care cap issue in light of the Administration's child welfare services proposal (expected to be unveiled in the near future) for 1979, and, if appropriate, develop alternatives.

LEGISLATIVE PROPOSALS FOR THE PREVENTION AND TREATMENT OF DOMESTIC VIOLENCE

Legislation for such a formula and discretionary grant program very nearly passed Congress in 1978; it failed largely because time ran out. Similar bills are being readied for the 96th Congress. Hearings on the issues in the near future.

a. Recommend support for a time-limited state grant program to be funded with 100 percent federal funds channelled through a state agency designated by the governor for further distribution to localities, including both public and private nonprofit agencies, under specifications established by the states.

Attachment.

DISCUSSION RE FUNDING INCREASE FOR TITLE XX SERVICES

Permanent increases in the $2.5 billion Title XX ceiling are needed in order to (1) compensate for inflation-caused losses in program dollar values since 1972; (2) keep pace with ongoing inflation; and, (3) allow for moderate planned program expansion or innovation. Inflation-caused erosion of the $2.5 billion Title XX funding authority between placement of the "cap" in 1972 and calendar year 1977 is estimated by some researchers to be an amount ranging from $500 million to $800 million (that is, between 20-32 percent for this period of time).

The temporary increase of $200 million (8 percent over the $2.5 billion permanent ceiling) enacted in September 1978 under Public Law 94-401, while earmarked for child day care, could also be viewed as an offset for inflation during the period 1976-77. The one-year addition of another $200 million authorized by Congress in October 1978 (a 7.4 percent increase over the $2.7 billion authorized by Public Law 94-401) may compensate for inflation losses in 1978. If an additional $200 million increase in the ceiling—from the current temporary $2.9 billion to $3.1 billion as recommended by the House Ways and Means Public Assistance Subcommittee for inclusion in the Committee's legislative budget proposals for FY 80—is enacted, such an increase would amount to a 6.9 percent inflation offset, again permitting no program expansion or innovation.

In summary, since the $2.5 billion ceiling was enacted in 1972, funds that would provide for program expansion or innovation on a nationwide basis have not been made available (though individual states spending at less than ceiling have had that option). Those funds added in 1976 and 1978 (a total of $400 million atop the $2.5 billion ceiling) have served in effect to compensate for inflation in the past two-three years, but have left a gap of $500 million to $800 million between the value of $2.5 billion in 1979 as compared to 1972.

All increases in the $2.5 billion Title XX ceiling should be permanent additions. Through approval of proposed Title XX amendments allowing for two-year planning cycles, both Houses of Congress recognized in 1978 the desirability of multi-year planning. However, ad hoc one-year-at-a-time increases in funding authority negate the concept of multi-year planning.

Congress recognized the need for predictable increases to offset inflation by indexing the Rehabilitation Services Act programs in 1978. A CPI escalator should be incorporated in the Title XX statute to offset annual inflation losses.

There is widespread agreement on the need for improved management of social services programs, particularly in the areas of planning, program monitoring, information systems, and evaluation efforts. Major federal goals for Title XX—such as accountability for how many dollars have been spent on which client groups, for what purposes, and with what effect; comprehensive planning to include needs-based priority setting and rational resource allocation; improved service delivery systems—have not been realized and are not likely to come about without a substantial investment of federal and state funds. Yet, there is little disagreement on the fact that scarce or minishing dollars for social services cannot easily (and perhaps should not) be diverted from services to individuals to secure management improvements however dire may be the need. A statutory set-aside of funds for management improvement activities such as those listed above is needed in order to secure the desired and needed investment. It is not useful to say that states should have done these things already; the fact is, most haven't.

1979 LEGISLATIVE AGENDA FOR TITLE XX, TITLE IV-B, FOSTER CARE, AND ADOPTION ASSISTANCE

The following positions were developed by the Council's Social Services Committee in 1977, approved by the full council in 1977-78, and unanimously reaffirmed, as amended, on February 15, 1979.

Note.— The legislative positions listed below summarize positions fully described in the APWA chart, January 9, 1978, "H.R. 7200: Child Welfare Services, Foster Care, and Adoption Assistance—House and Senate Versions compared to S. 1928." Copies of this chart may be obtained upon request from APWA. Statements on this summary sheet are keyed to legislation passed in different versions by the House and Senate in 1977 and 1978, but which nevertheless narrowly missed enactment in the 95th Congress. As of this date it is understood that the Administration will introduce a bill substantially similar to its 1977 bill—S. 1928. It is also understood that the House Ways and Means Public Assistance Subcommittee's proposals will remain the same as those contained in the House-passed version of H.R. 7200—with the exception of the adoption subsidy program, which is expected to follow the Senate Finance Committee's proposals for amendments to Title IV-B, foster care, and adoption.

IV-B Entitlement: Conversion of Title IV-B to a $266 million entitlement program continues to be a very high priority of the Committee and the Council. The S. 1928 entitlement provision is preferred. (The House bill provided an entitlement with full funding immediately; the Senate Finance Committee bill would have continued the current annual appropriations process.)

Foster Care Cap: The Council has taken a position that there should be no "cap" on federal financial participation in the costs of foster care maintenance under Title IV-A (or a new IV-E), pending a full-scale study of the effect and efficacy of such action. On February 15, 1979, the Council approved the Social Service Committee recommendation for a review of the foster care cap issue in the light of foster care proposals in the Administration bill, when introduced. If appropriate, alternatives will be developed at that time.

Adoption Assistance Program: Senate Finance Committee bill is preferred in almost all instances over the House version.

Foster Care Protections: Systems and procedures provided by S. 1928 are preferred over the House version. This position was reaffirmed by the Council on February 15, 1979, with particular emphasis on its support for foster care protections provided by S. 1928 and firm opposition to foster care protections passed by the House in H.R. 7200 and replicated in the 1979 bills—H.R. 1291 and H.R. 1523.

IV-B Maintenance of Effort: House provision is preferred (however, it could be strengthened to include federal funds drawn under Title XX with state and local matching).

Voluntary Placements: The Council has supported amendments to provide FFP for voluntary placements in foster care under the AFDC program. S. 1928 provisions are preferred over the House version of H.R. 7200. (The Finance Committee bill did not change current law requiring court adjudication for all AFDC cases.)

IV-B Matching Rate: House version of H.R. 7200 provided 100 percent federal funding for IV-B. The Council positions call for 90 percent or better. Senate Finance Committee version and S. 1928 provided a 75-25 percent match; therefore, on this issue the House version is preferred.

IV-B State Plan Revisions: S. 1928 made relatively few changes to Title IV-B plan requirements; both the House and Senate Finance Committee versions of H.R. 7200 made extensive changes. S. 1928 state plan amendments are preferred.

Limitations on Utilization of IV-B Funds: Senate Finance Committee amendments to prohibit utilization of new IV-B funds for foster care maintenance payments are preferred to the House version in H.R. 7200.

APPENDIX II—NCSPWA TESTIMONY, MARCH 27, 1979

TITLE XX AT THE CROSSROADS

Report on the October 1978 National Title XX Policy Symposium: Assessing the Early Years, Pointing the Way Toward Improvement

Notes and References

1. This Report is in two parts: Part I is "Symposium: An Agenda for the Future." Part II is "Services: Legislative Evolution in the Social Security Act." Part I constitutes the work product of Symposium participants. It was derived from Symposium recorders' reports on some 50 small-group discussion sessions. These reports were synthesized within "working papers" by master recorders. The "working papers" distilled the concerns, problems, general agreements, divergences and recommendations voiced by Symposium participants. Utilizing the "working papers" distilled the concerns, problems, general agreements, divergences and recommendations voiced by Symposium participants. Utilizing the "working papers" and their own experience of the Symposium, an Executive Review Panel met January 10-11, 1979 to identify consensus, conflicting views, and major themes emerging from these papers and notes. A small task force from the Executive Review Panel subsequently met twice to further synthesize the Symposium outcomes and organize a format for this Report.

2. Other than the Title XX statute (Public Law 93-647), two reference documents only, are referred to in this Report:

a. "Working Paper: Policy Issues under Title XX." The Urban Institute, Washington, D.C., December 1978.

(This document is a compilation of the "working papers" written by Symposium master recorders: "Planning for Social Services," by Tracey Field, the Urban Institute; The Financing of Social Services, by Rhona Millar, the American Public Welfare Association; The "Organization and Management of Title XX," by Mark Battle, Howard University; "Service Delivery under Title XX," by Candace Mueller, Hecht Institute; "Title XX Roles and Responsibilities," by David Racine, American Public Welfare Association; "Title XX and Accountability," by Beryl A. Radin, University of Southern California.)

b. "Social Services—Federal Legislation vs. State Implementation." The Urban Institute, Washington, D.C., October 1978.

The Symposium Report frequently draws upon Urban Institute studies as the source of information or data. In each case, the cited material was extracted from the above document.

HIGHLIGHTS OF SYMPOSIUM VIEWS

Title XX—with its flaws and frustrations—is still a program and process worthy of renewed public support and of strong efforts to secure essential improvements.

Title XX features remain among the core elements of a rational, comprehensive services planning and delivery system in this nation.

Service delivery systems nationwide stand in need of strengthening. Inadequate funding is at the center of a perceived crisis for Title XX services.

The comprehensive annual services program planning process has not fulfilled its designers' expectations for public accountability, public participation, or services coordination.

Underdeveloped state and local management capacity for implementing comprehensive planning, evaluation, program and financial reporting systems is now a serious barrier to attainment of Title XX services and management objectives.

The federal role envisioned by Title XX supports in assisting states to design and operate their services program and management systems has not been satisfactorily developed.

KEY RECOMMENDATIONS OF THE SYMPOSIUM

Establish a reliable foundation for an effective, accountable social services delivery network by authorizing substantial permanent funding increases for Title XX. Provide for automatic response to loss of purchasing power related to inflation.

Vitalize Title XX's capacity to serve as the centerpiece for comprehensive social services planning by amending federal statutes where necessary to support this objectives, and by providing such additional regulatory and financial incentives as would contribute to its achievement.

Encourage states to build management capacity in the areas of comprehensive planning, systematic program evaluation, and services information recording, retrieval and analysis by setting aside from the existing Title XX ceiling new federal funds for these purposes.

Invest administrative resources needed to strengthen and support federal agency capacity to perform a strong, creative role as expert advisor, consultant and advocate for states and localities in the development and operation of Title XX-based public social services networks.

TITLE XX AT THE CROSSROADS

Part I. Social Services: An Agenda for the Future

Prologue: As a statute establishing federal assistance for social services provided in the states, Title XX is a species apart. Extracted with somewhat less than surgical precision from the body of those public welfare programs with which it had rather casually grown up—cash assistance for aged, handicapped or disabled persons, and families with dependent children—its objectives are both expansive and obscure, subject to numberless interpretations whose accuracy is difficult to dispute.

For a planner, the foremost objective of Title XX is: "meaningful" planning. For an administrator: broad, flexible authority to "manage" programs. For the special-interest advocate: public participation in the "decision-making" process. For social services theoreticians: moving toward a separate, institutional identity for personal social services. For the public-interest guardina: "accountability" to citizens. For a budget officer: fungibility. The permutations on these themes can easily be imagined.

Further complicating discussions of Title XX is the fact that lines dividing roles and responsibilities—between different levels of government; between the public, the private and the voluntary sectors; between Title XX as services program, or funding source, or overarching system—are blurred and fluid. Such imprecision is an offense to the human predilection for order and simplicity, but it is a fact of Title XX—and social services—life.

Title XX: A national policy symposium

On Oct. 16, 1978 more than 500 representatives of the U.S. Social Services establishment assembled in Minneapolis, Minn. to look back at what Title XX had (and had not) achieved in the three years since its implementation, so as to anticipate and begin shaping the next phase of its development.

Participants in the "National Title XX Policy Symposium" included state, local, and private social service agency administrators; federal officials responsible for planning and administering social services; academe; members of the research community; and representatives of citizens' advisory groups, planning councils, and advocacy organizations. Twenty-six national organizations and schools of social work took part in developing the Symposium's all-conference sessions, policy issue presentations, and workshops on special facets of Title XX.

The American Public Welfare Association, Symposium sponsor in cooperation with the Urban Institute, a research organization on social policy, set the tone for the two and one-half day conference in the following statement: "The several hundred persons gathered together for this Symposium will combine their knowledge and experience to bring out a clearer picture, a better definition of the choices facing social services policy-makers—specifically as those choices pertain to the Title XX program. And, they will have an important opportunity to seek agreement around recommendations for future social services policy directions."

As a part of its Title XX evaluation activities, the Administration for Public Services within the Office of Human Development Services (DHEW), assisted the Symposium through a small grant to the Urban Institute to cover the costs of several activities essential to the success of the conference. These included mailing the Urban Institute paper "Social Services—Federal Legislation vs. State Implementation" to participants, in advance of the conference; stipends for the Symposium's six master "recorders"; and two small follow-up meetings to review Symposium outcomes. DHEW staff from APS, OHDS and the Office of the Secretary made valuable contributions to the Symposium as participants in the discussion groups.

The Symposium offered the first opportunity since Title XX was enacted for a wide range of interests to work together to discuss Title XX constructively, rather than as competitors or adversaries. It enabled states to compare experiences and problems and to learn from each other. And it gave HEW's Central and Regional Office policy makers a chance to interact with a broad range of practitioners.

To stimulate this process, the Symposium was organized to address policy issues under six broad topics. On each day of the conference, issues related to these topics were framed by leaders recognized as expert in the field of social services. Immediately thereafter, some 18-20 small discussion groups would be formed to pursue the questions raised and, where possible, to develop answers and agreement. This format was designed to gain the widest possible range of views and opinions by enabling each conferee to participate in discussions on three of the six policy issues chosen by Symposium planners.

Discussion leaders sought to secure consensus, where possible, concerning appropriate future directions for Title XX, and to crystalize areas of disagreement where consensus could not be achieved. Recorders within each group were asked to make brief written reports on these discussions. The policy issues were stated for the conference program as follows: Social Services Planning * * Organization and Management of Social Services * * Services Delivery Systems * * Financing Services * * Roles and Responsibilities * * Accountability for Services.

VIEWS FROM THE PODIUM

All-conference sessions were designed to address Title XX policy issues from a range of perspectives. Highlights from speeches which underscored those perspectives are summarized in the following paragraphs; they are not direct quotations.

Keynote—Robert Harris, Executive Vice President, The Urban Institute: Social Services programs are particularly vulnerable at the present stage of fiscal conservation. Their weaknesses lie in definition, organization, planning, and effectiveness measurement. The Comprehensive Annual Services Program plan (CASP) is not a comprehensive planning document. In its present form it becomes a rote activity, a stack of unusable papers. The means for accountability are imperfect. They have yet to provide answers to the baseline question: what do services do for, and to, people. Policy makers need to take a comprehensive look at services and their future, with a view to developing a national, non-parochial system.

Allen Jensen, House Ways and Means Public Assistance and Unemployment Compensation Subcommittee: state and local governments. Congress' overriding concern is with cash assistance and health. Action to broaden the base for Title XX, if it is to occur, must be pursued by the states.

State Perspective—Dr. Anthony W. Mitchell, Executive Director, Utah Department of Social Services: A solid constituency for Title XX has yet to be developed at either state or federal level. A coalition must be developed; knowledge alone will not suffice. Categorical programs will continue to be funded—the issue then is to see that Title XX and categorical services programs complement each other. It is in funding that states need true flexibility, particularly with regard to the categoricals. A major problem in public participation in the Title XX decision-making process is that the public doesn't understand the CASP format called for by statute and regulations. Real public participation will require involvement in the development and operation of programs, rather than plans. Accountability has not been achieved through the current Social Services Reporting Requirements; it has not provided needed management information. States need systems that will produce data which can be used for intra- and interstate comparison of program-related functions and costs. Comparative statistics may be the best tool for evaluative purposes. Federal funding should be earmarked for human services information. Title XX is a responsible and viable concept. We are beginning to see the results of emphasis on services unification.

Voluntary Sector—Jack T. Conway, Senior Vice President of United Way: To achieve legislative change, Title XX proponents must educate legislators. Commitments should be sought from the President and the Secretary of HEW on the role of

Title XX. To achieve additional funding, Title XX objectives must be clearly identified.

Federal Perspective—T.M. (Jim) Parham, Deputy Assistant Secretary for Human Development Services, HEW: A major problem of Title XX is that it is not seen as a resource for leveraging other programs to achieve a comprehensive program that can provide a continuum of care for vulnerable persons who need such care. We want to assist states to utilize Title XX for this purpose. The services community should educate advocates of special programs to support human services networks rather than focusing solely upon a single segment of such a network. Title XX is seen to have an identity crisis. The question, "is it a program or 'just' a funding stream?" obviously distresses people; it is raised and repeated in almost every serious discussion. Perhaps we should not expect that the Title XX statute, whose strength is in its flexibility, to be this or that thing—and nothing else. We might instead accept that Title XX is, in fact and in practice, both a funding stream and a program. Beyond that, it is a bridge which over-arches both functions to form a system for social services management and delivery.

National Organization—Steven A. Minter, President, American Public Welfare Association: The relationship between the public and private sectors must be a "limited partnership"; otherwise, public provision of services will continue to erode. Public agencies should retain responsibility for "core" services; for leadership in the systematized planning of services, and in the development and enforcement of standards. Public agencies must accept major responsibility for accounting to funding sources, to the community and to clients. An appropriate federal role would include assuring a baseline of services, establishing the boundaries and interrelationships between social services and the other human services, watching over services standards and providing incentives for states to improve them. Two actions stand out as essential for the future strength of Title XX: (a) broad changes in training regulations to meet public agency and provider needs; and, (b) authorization of additional funds for services and for management capacity building.

Sense of the symposium

The Title XX Symposium contained 18 issue-presentation sessions and more than 50 small discussion groups. From these there emerged in formal discussions and in major addresses, in the hallways and over morning coffee, a "Sense of the Symposium." It:

Affirmed the potential of Title XX both as a free-standing program and vehicle for social services program rationalization.

Supported the concept of Title XX as coordinative link between services programs, both for planning and for services delivery.

Challenged states to use Title XX's flexibility to support creative and vital programs, to develop long-range services policy, and to end poor practice or counter-productive policy in social services delivery.

Challenged HEW to be an active partner in the intergovernmental effort to utilize Title XX as the vehicle to drive formulation of a comprehensive, universal, national social services policy which encompases the myriad federal, state and local social services programs.

This does not suggest that sharp criticism and disappointments were not expressed. Indeed, symposium participants—faithful to the conference format and following, perhaps, the predilection of problem-solving professionals—spent more time identifying the difficulties and shortcomings of Title XX than in praise of positive outcomes. The "sense of the Symposium" does reflect a point of view prevalent among the social services professionals meeting in Minneapolis: retain, strengthen and build vigorously upon the existing Title XX foundation.

Symposium supports title XX's core elements

Background: While relationships between levels of governmental authority in a constitutional democracy are evolutionary, movements within them are not without discernible form and direction. In the late 1960s and early 1970s that direction bore the political label of the "new federalism." It meant that certain statutory authorities and accompanying powers that had accreted around the federal level of government in the several decades which began with the depression—inspired programmatic interventions of the 1930s were being devolved to states and to local units of government.

In the simplest terms, the "new federalism" meant the federal government would establish very broad purposes for which federal program funds could be expended; states and/or localities would fill in the details. Freed of a traditionally directive role and the legal requirement to say "yea or nay" to state program plans, federal officials could concentrate on results, on the end-products produced by program dollar expenditures. Absent federal red-tape, and surrounded by flexible guides, state and local officials could be creative, responsive, accountable.

The primary programmatic examples of this direction change were the "block grants" for manpower training and jobs, health planning programs, housing and community development—and general revenue sharing.

Social Services funded under the Social Security Act were the last major programs to be touched by the "new federalism" approach. Title XX—as it emerged through coalition and compromise—was neither a pure block grant or a pure categorical program. Rather, in the case of Title XX the Feds seemed to be saying: You wanted this program, states? all right, its yours—but we can't quite trust you with it. (There was real-life experience behind that attitude: the evidence that states were on the brink of raiding the program was one impetus to enactment of Title XX.) And, States were replying: Yes, we do want to run social services without undue "interference" from above—but don't leave us out there all alone. (States have found the federal shield quite advantageous from time to time.)

In a very serious sense, the hybred nature of Title has been at the source of many of its problems, whether these are viewed from the local, state or federal perspective.

Symposium Consensus: The basic approach to a national social services funding and delivery system embodied in Public Law 93-647 merits renewed public support. The Title XX statute remains an important tool in the quest for a rational and effective social services system. While its problems are serious, if the will to do so is there, they are solvable. Symposium support was based on concepts incorporated in the law which, though inadequately realized in many instances thus far, remain important elements of governmental power and ability to assist those in need through the provision of social services. Core Title XX elements are:

State Responsibility for Administration. Title XX recognizes that states are the level of government which has traditionally carried responsibility for the problems addressed by social services. States have the authority (if not always the way) to mobilize a variety of related programs under their purview to serve numbers of different target groups. States have the ability (if not always the will) to raise monies as needed to fund activities not provided for through federal funds. Thus, federal dollars may be utilized here to round out a state program, and elsewhere may form the bulk of a service, with only supplementation from non-federal funds.

A Supportive Federal Role. Because the variety of services, the kind of problems to which they may be addressed, and the groups of people who may be served are relatively unrestricted by the Title XX statute, the envisioned federal role is supportive rather than directive. State have more flexibility in allocating resources under Title XX than is available under most federally assisted program. Thus, beyond fiscal accountability, an appropriate federal role would include program advocacy; the provision of assistance and guidance to help achieve Title XX's potential, within the context of each state's own unique needs; the support of Title XX program goals, with a focus on end results; learning from states, and encouraging dissemination of experience from jurisdiction to jurisdiction. Such a Title XX federal role concept is consistent with the view that cooperative relationships between levels of government are ultimately more productive and efficient than those based on coercion or tension.

State Responsibility for Resource Allocation. The authority and responsibility to allocate resources across a wide range of possible services, geographic areas and target groups, permits states to establish priorities that reflect regional and local, as well as state needs. It recognizes that states do in fact differ in demographics, in environmental, social and economic conditions. It encourages states to use Title XX to respond to problems which newly come to the fore and are not met by other programs—and to do so without waiting for a national initiative to be developed through the legislative process. It affords states needed flexibility to fill in around categorical programs, so as to develop delivery systems that do a better job of meeting local needs. It permits states to vary allocations within the state depending on equity considerations, local effort and state-developed funding and programmatic incentives.

Publication of, and Public Comment on, a State Services Plan. The requirement to explain how services money is to be spent, together with the mandate for public involvement, has the effect of opening up allocation decisions to the public. It increases awareness of what social services are, and provides citizens with a mechanism to influence allocation decisions. Plan publication requirements raise the possibility of rational, policy-directed planning, and they encourage movement in that direction. The public review process, by making more explicit the uses of services funds, encourages legislators and other government officials to participate in resource allocation choices, and keeps pressure on program managers to account for and justify the use of program dollars.

State Selection of Service Delivery Methods. The authority to exercise options enables states to utilize delivery systems operating under the auspices of other program and funding sources, so as to minimize duplication and overlaps. It permits various mixes of public and private service provision so that choices may reflect state and local fiscal priorities and program philosophy, provider capacity and availability. It allows for different ways of organizing the administration of social services, both at the state and local levels so as to reflect their experience and views on efficient and responsive management.

Symposium views

While the Symposium was organized under six pre-selected topics, Symposium reports, working papers and notes recurringly display concerns of the highest priority under these four subject headings: Services Delivery, the Planning Process, Management Improvement, the Federal Role. Symposium views are summarized below. They are neither all inclusive or unanimous.

Services Delivery: An Undernourished System. "Service delivery" was one of six Symposium topics; thus, there occurred at least nine separate small group discussions of the issues involved, with the opportunity for expression of perhaps 200 informed opinions. Sifting for the core issues, a Symposium recorder found that the discussion begins at many points, but everywhere it ends with "funding."

The conclusion is that the efficiency of the nation's social services delivery system, and the quality and quantity of the goods it provides to those in need of services, is a direct reflection of the funds committed to it. At all levels, but most conspicuously at the federal level for Title XX, total dollars being invested are altogether inadequate. Funding is "square one" for social services improvement, both for delivery system, and end-product.

Improvement of the social services delivery system under Title XX has been limited by a number of factors includes (a) the historical and continuing development of fragmented programs and systems; (b) a lack of sufficient services funding such that Title XX competes, less than successfully, with categorical programs; (c) concentration at the highest federal levels on financial management and efficiency, with a relatively weaker focus on quality, adequacy, and effects of services as delivered and received at the local level.

Fiscal accountability tends to rate a higher priority than program accountability when there is a perceived need to protect programs against audit exceptions. At ground level, adequate funding is seen as the best line of attack in any serious effort to improve services delivery.

Background on Services Delivery Issue. Tightening of services funds began in 1972 with the statutory ceiling enacted under Public Law 92-512, the general revenue sharing act. Because inflation alone fueled a 20-33 percent increase in the cost of state and local government services between 1972-1977, the $2.5 billion ceiling of 1972 translates to only $1.7 or $2 billion real dollars for 1977. Unresponsive to inflation, the Title XX ceiling has meant a continuous erosion of purchasing power under federal Title XX allocations. This in turn has thwarted policy makers' objectives to increase the services base and expand the nature and scope of services by utilizing Title XX for leverage.

At least five states were at ceiling when P.L. 92-512 became law. In 1977 over half the states had reached their allocation ceiling. It is estimated that nearly all jurisdictions will be affected by the ceiling in 1979-80. Because the largest states reached their ceiling first, the effect on the nation's services has already been extensive. Generally, the result produced by approaching ceiling is an unwillingness on the part of the state to undertake expansion to innovation in services.

For those states that have been at ceiling for a number of years, the result has been that Title XX services are either reduced, maintained against inflation at additional state expense, or expanded at full state expense. Hence, small increases in the ceiling are likely to disappear into replacements of state fiscal effort. P.L. 94-401, enacted to provide funds needed for states to comply with federal child day care staffing standards, furnishes an example of the consequences of year-to-year funding: states tend either to use added federal funds to recoup state dollars and apply them to other projects, or to make one-time-only investments in service-related activities. Thus, little or no program expansion is achieved. Additionally, short lead-times and the dealy of implementing regulations further inhibit utilization of small, unpredictable funding infusions as a source for long-range investments in services.

The Urban Institute's Title XX studies demonstrated that a major unanticipated effect of the ceiling on federal Title XX expenditures is a phenomenon known as the "intertitle transfer." Utilizing this technique, expenditures for services such as family planning, homemaker/home health services, and child day care can in effect be transferred to "open-end" fundings streams such as those that support the Medicaid and AFDC programs. The most obvious reasons for intertitle transfer include the need to maximize federal funding and/or to avoid social services program outbacks. While the intertitle transfer process can be a positive activity when undertaken as a matter of services integration/coordination policy, when forced by fiscal rather than program policy considerations it can serve to weaken federal control over the categorical programs to which services are transferred, each of which has different goals policy guidelines and operating methods. In consequence, therefore, federal program objectives may be sidestepped or their outcomes distorted.

Funding control and cost containment through a "ceiling" on expenditures can also be disfunctional in the sense that forcing intertitle transfers also undermines the bases for Congressional, as well as federal agency, priority-setting and funds allocation for the various categorical programs. These decisions derive from statutory program intent, which does not anticipate the shifting of expenditures among services in different programs to offset funding inadequacies or other program constraints, or the concommitant distortion/loss of essential program information.

For many states, then, the Title XX tools designed to ensure "meaningful" planning, priority-setting, and resource allocation have been blunted by the Title XX ceiling. That ceiling, once attained, also undermines the statutory goal of coordinating Title XX services with those of other discrete federal programs. Absent significant sums of "new" money, Title XX has no carrot to induce planned resource allocation through coordination of program effort.

The effect of the Title XX ceiling on people who received, or may have been eligible to receive services is on the record. For example, the Urban Institute found that in 1977, after two years of Title XX planning, 21 states had clearly restricted service population by reducing income eligibility levels, adding categorical requirements, or varying eligibility by some combination of services, clients, and geographical factors. Of these 21 states, two were already at ceiling when Title XX was implemented, 12 more had reached ceiling since.

In terms of the Title XX objective to liberalize eligibility for services—moving away from the concept that they are only needed by welfare recipients or those likely to qualify for welfare—the Institute found that only 17 states had made some or all services available to persons with income up to 115 percent of state median income. Five had restricted client eligibility to families below 40 percent of median. Looked at another way, under a funding ceiling that has remained essentially in place since Title XX was implemented, eligibility liberalizations have pitted the poorest population against the "better off" in competition for fewer services, while at the management level the ceiling has moved services back toward the categorical basis for eligibility by means of fiscal incentives for the intertitle transfer of important services to the categorical AFDC, Medicaid and Work Incentive (WIN) programs.

Symposium views on services delivery

In a competition between planning programs and providing services for utilization of scarce funds, services must have the higher priority, leaving planning underfunded.

The uncertain and generally low-priority status of any initiatives to very substantially increase funding for Title XX is regarded as unique, beyond the general perception that public funds committed to services tend always to be seen as less than adequate. It is perceived as a "fiscal crisis."

At the same time state and local planners are anticipating more constraints on federal dollars for services, they are experiencing and bracing for "Proposition 12" fallout.

States are coping with the Title XX funding crisis by reducing services to levels supportable with available funds; by increasing eligibility requirements; by eliminating some services (for less politically powerful constituencies) and by inter-title transfers (funds redeployment).

From the vantage point of those concerned with service delivery, six years of tight funding ceilings on Title XX have produced decisions regarding service delivery alternatives that are based far more on fiscal than on program concerns. The "ceiling" years may have resulted in loss of public agency staff; in reduction of staff development and training as a management priority; in shifts in purchase of service patterns; in greater emphasis on accountability and reporting than on casework; and in diversion of attention from the need for services initiatives and innovations.

The Planning Process: Problems and Failures. No one has seriously suggested that the statute which bears the name of Title XX is a planner's dream. Many persons—

from clients to case workers, from program administrators to contract managers—have conjured with the nightmare theory. The Title XX planning kit, as it developed from the advocates' concept through the Congressional crafting process was neither all dream or all nightmare. Imperfect the Title XX planning process certainly was, and is. Dismay and some disillusionment have centered around the Comprehensive Annual Services Program (CASP) plan format and processes, public participation, and coordination of Title XX with other program plans and services.

Background on Planning Process Issues. Dissatisfaction with the CASP Plan document springs from numerous sources. Prominent among them are the following.

State budget processes act at least as a moderate constraint on a meaningful CASP plan in almost all jurisdictions. The CASP publication and public review schedule and state budget cycles are not—and often cannot be—synchronized. The lack of congruence between state and local budget processes (which are often the controlling factors) and the CASP planning cycle negates the public participation concept. It also limits the impact of needs assessments, even when these have been timed to meet the Title XX planning schedule.

Lack of knowledge of where performance has diverged from plan has contributed to the sense that the CASP plan is not much more than a catalog, possibly out of date. CASP plans generally do not contain timetables or measurable objectives: the "means" (services) are listed, but the "ends" (effects on clients) are not. There is no requirement for comparison of proposed allocations with past years' distribution—or of past year CASP plans with actual performance. The major impediment to development of reports to provide this information is the lack of incentive to do so: The Title XX requirement for an annual report based on the CASP plan was deleted from the proposed legislation in final negotiations within the Congressional conference committee prior to enactment of Public Law 93-647. A related barrier arises from the fact that production of necessary comparative data would require the commitment of additional (scarce) management resources to monitor CASP implementation, and to produce and analyze data for reports thereon.

The decision-making mechanisms available through the CASP process for resource allocation and reallocation, i.e., public review, needs assessment and program coordination, are either inherently weak or are inadequately developed for the intended purpose. They have, therefore, been a less powerful factor in funding decisions than have such factors as past experience, state-mandated services, the availability of state or local matching funds and states' legislative and budget processes.

Lack of objective data upon which to base reallocations and shifts in services priorities subjects these decisions to political pressure and nonrational choices.

The value of most needs assessment activity is limited by the lack of data and the relatively primitive state of the needs-assessment art. Demand may be measured, but it does not necessarily bear any known relation to supply; nor do most needs assessments fit into a comprehensive set of data on social services problems, populations and available resources.

Dissatisfaction with public participation is manifested in the fact that such participation has declined sharply since the first year of Title XX implementation. Factors contributing to the hollow appearance of the public participation mandate include, again, the "ceiling" on Title XX federal funds. If a state has reached its federal allocation ceiling and no new state money is available, there is nothing new to plan for. A more sophisticated Title XX constituency has perceived that CASP planning decisions are not necessarily reflected in the amounts appropriated by state legislatures.

Critics of public participation achieved under Title XX note that rank and file consumers are not seriously involved in the process. Clients are represented when they are represented—by organized advocacy groups. The fact is that the CASP public review process favors the articulate and the well organized through such procedures as public hearing and formal comments on published documents, and through their involvement in advisory committees and task forces. Advisory committees used as a mechanism for public participation have themselves received mixed reviews—some are defunct, others have been reconstituted to revitalize them. As to public hearings, they—like the advisory committees—were over-utilized in the first years, so that they declined in numbers and in attendance thereafter. Indeed, question has been raised as to whether public hearings provide an environment conducive to resolution of substantive issues, or have more value as stimulators of public interest.

Title XX regulations' mandatory newspaper advertisements have little connection to the theory of public participation in decision-making processes. It seems obvious such ads do not raise the consciousness of persons otherwise unaware of, or disinterested in, public social services. Nor do workshops and training sessions, though they generate public information on policy and programs, constitute participation in the decision-making on what services programs should and should not be funded.

Lack of coordination under the Title XX plan is a third source of serious dissatisfaction with CASP. An important Title XX objective was to provide for the social services "system" with an impetus for planned priority-setting and resource allocation. One necessary door to this goal is through coordination under Title XX of planning for the several separate federal and state programs under which social services are funded or provided. However, Title XX does not mandate coordination, it simply requires a description of how the process or coordination will be conducted. (Since "coordination" is expected to combat the evils of "fragmentation", Congress has in recent years inserted a coordination objective into numerous federally-assisted services program. All are admonished to coordinate—none is given authority to compel it).

Among the disincentives to voluntary coordination under Title XX is the fact that other programs would need to comply with Title XX reporting, eligibility and planning requirements. Title XX has produced "formal agreements" with other separately funded programs, but these are not self-implementing. They are end-products, not the beginning of the process.

Joint funding of social services by separate agencies or programs is a promising coordinating tool. For example the Agriculture Department's child nutrition programs may be utilized in Title XX centers, or Older Americans Act nutrition programs may be installed in Title XX senior centers. But there are obstacles here, too: variations in the rules from program to program on fees, eligibility, reporting and accounting procedures. And there is resistence on the part of most categorical program constituencies to any diminution of exclusive program control. For example, a major impediment to the application to social services of those integrated planning/funding incentives provided by Congress in the Joint Funding Simplification Act (JFSA) of 1974 is the fact that the Older Americans Act and Rehabilitation Services Act programs have been exempted from its provisions by Congress itself. Thus far the JFSA has not been implemented enthusiastically at the federal agency level either, where truf problems and fears are as real as they are elsewhere.

Attempts at coordination are made at the state level through interagency staff exchanges, "outstationing," and through Title XX advisory committees representing different groups and varied program interests. Still, the major barrier to comprehensive planning across social services program lines utilizing (for example) the CASP as the state plan for all HEW administered services programs, is the lack of either statutory authority or other positive incentives to do so.

Symposium views on the planning process

The firmly held ceiling on Title XX federal expenditures has been a serious, indeed primary inhibitor in the realization of Title XX planning hopes. There is no strong incentive for states to invest in planning capacity when funds to plan for are not visible on the horizon, when available funds are temporary or are "line itemized" (in effect, diverted) by state legislatures, when planning is for the purpose of restricting rather than improving services. Neither, under the circumstances, is there great incentive for citizens to take the "participation" mandate seriously.

Perception that services are locked in—by the Title XX ceiling, by existing contracts and agreements with private and public agencies, by local matching funds (or the lack of them), by private non-profit donations, and by hiring policies and freezes on caseworker staff—is quite pervasive. This, too, dampens enthusiasm for public participation.

Under existing law, regulations and policy, there is uncertainty among agency staff as well as clients and advocates about who it is that the CASP plan is being produced for. Some suspect it is merely a compliance document to satisfy statutory requirements.

Title XX's flexible goals are too broad to be utilized in services program planning or reporting, yet they are in effect requisite for both these activities.

Title XX agencies experience difficulty in performing an effective coordinative role with peer agencies whose authority over programs and dollar resources is independent of Title XX.

The federal government would do well to develop program and fiscal incentives to encourage coordinated planning under Title XX, the design of a comprehensive and comprehensible CASP plan, and the involvement of the public is meaningful participation in the planning process. The results would be likely to exceed those yielded by directives.

Planning activities cannot compete for scarce dollars with services to clients. If "meaningful" planning remains a national level policy objective, it must be federally supported with funds independent of those authorized for services delivery expenditures.

Management Improvement Cannot Wait. Whether the topic being addressed by the Symposium was Title XX Roles and Responsibilities, Accountability, Financing, Organizing and Management, Services Delivery or Planning—the need to enhance state capacity to manage the social services programs funded under Title XX and a dozen other federal statutes was a compelling undercurrent. Meeting this need is seen as critical to the future of Title XX, fundamental to the fulfillment of its potential. Where a constraint was cited or a potential posed in these six areas, management capability was at or near the center of it.

A message that was, in some form or another, repeated throughout the Symposium reads: States must show what services are doing to and for people. States have the foremost responsibility to demonstrate the need, and justify increased funding, for services. If not stated in the same breath, it was clearly recognized that few states possess the tools for that task, and that Title XX does not currently provide the financial and other resources needed to create them in each state.

Background on Management Improvement Issues. Planning, management information/reporting, and evaluation systems are critical elements underpinning capacity to manage services programs. The Title XX statute recognizes these elements within its CASP planning section by requiring descriptions of planning, needs assessment, evaluation, coordination and reporting activities. In so doing, the Title XX statute and accompanying regulations served to raise public expectation that these activities would, in fact, be satisfactorily developed if they were not already in place. However, many of the process and procedural requirements expressed in Title XX were entirely novel to social services and would depend for their ultimate success on utilization of sophisticated management techniques (including electronic data processing systems), together with personnel trained to determine program needs, develop the systems and analyze the data. For Title XX programs, many of these arts remain in a relatively underdeveloped stage. Neither the substantial technical assistance nor the separate financial support has been available from the federal level for this quite revolutionary Title XX effort to gain control of social services through planned program management.

Funds for administrative activities such as those described above are among the most difficult to obtain. They are long-range investments, often seen by the public as expenditures depletive of funds which might otherwise be used for direct services for needy persons. They are a part of those "administrative costs" which are a ready target for the popular press. For those states at or near ceiling when Title XX was enacted, acquisition of needed new management capacity with Title XX funds was not even a question of whether to spend Title XX federal dollars for services or administration. There were no funds left for either purpose. Since then, most other states have felt those budget pressure that attend an approach to the Title XX ceiling. These forces have predictably pushed management capacity-building further and further down the list of priorities for resource allocation by state and local elected officials. There is a double bind here: funds cannot be taken from services to produce the management capacity to justify the need for—or results of—services.

Statistics, reporting and data-processing functions are the administrative processes most heavily affected by Title XX implementation. Urban Institute studies showed Title XX produced substantial increases in casework time spent on eligibility determination and redetermination, reporting and case management, which would indicate the need for improving systems as well as the need for staff training in management areas.

Symposium Views on Management Improvement: The consequences of weak or woefully inadequate state and local management information systems include:

Lack of accurate data (and the means to analyze it in decision-making) is an absolute barrier to effective planning, to the production of useable reports, and to the implementation of worthwhile evaluation programs.

Needs assessment data are limited in value unless capable of analysis in connection with program-effectiveness data.

Lack of data on program needs and service effectiveness limits administrators' ability to bring reliable information to bear on the decisions made in a politicized environment—where there is a preference for tangible services to visible, organized constituencies—where pressure to provide "equity" in substate allocation is mounting—and where providers are eager to furnish services the public agency may have sound policy reasons for preferring to provide directly.

Absent the capacity to produce appropriate management information, comprehensive planning based on state/local priorities and established services needs is an unattainable goal. At best, resources will be allocated on the basis of attempts to assure *equity* among eligible population groups, equity among alternative services and equitable allocation to substate areas. Equity can serve to justify an allocation formula but alone it is not the foundation for mental planning.

In summary, the Symposium reflected a strong sense that substantial funds and technical assistance from the federal level will be needed to help states and localities plan comprehensively for social services, evaluate the effects of service, and report on services to the public—if Title XX's planning and accountability features are to work to the satisfaction of the people who receive social services and those who pay for them.

The Federal Role: Still to be Fulfilled. As one of six Symposium discussion topics, "Roles and Responsibilities cut two ways—public sector/private sector and federal/local levels of government. These issue areas were thoroughly examined in small-group discussion sessions. Although numbers of difficult issues were explored within these headings, strong consensus on what responsibilities should attach explicitly to which roles was rarely reached. An exception was the Symposium perception of what in general the federal Title XX role has been, and what it should be in the future. Consensus should have been more achievable here because the Symposium was clearly and purposefully structured to stimulate further action by participants, primarily focused at the national level. (Note:—"Federal role" when used in this paper is a generalized term. A reference may include either or both the executive and legislative branches of the government. It includes the executive agencies of the administration serving the White House, i.e., the President's domestic advisors and the Office of Management and Budget, as well as HEW.

The Title XX statute, required the Secretary of HEW to provide for the continuing evaluation of state Title XX programs and, prior to July 1, 1977, to submit to Congress a report on the effectiveness "of the program established by Title XX . . . together with recommendations, if any, for improvements in the program." It also directed the Secretary to ". . . make available to the States assistance with respect to the content of their services program, and their services program planning, reporting, administration, and evaluation."

Thus, Title XX laid out a mandate for federal leadership in terms of long-range policy planning and evaluation—and a strong, supportive federal role in terms of states' Title XX programs and management operations.

Symposium views on the Federal role

While the joint federal/state responsibility for services funding continues to be carried out at both levels, the Symposium perception was of a substantial failure on the part of the federal level of government to articulate clear national policy around social services goals.

The federal level commitment to making Title XX the centerpiece of the nation's social services delivery system is not perceived to be effective where competition with categorical programs for favorable national attention and Congressional funding support is involved.

The appropriate federal role is seen to be that of guide and helper, to encourage a minimum level of national uniformity and providing an overview of the nationwide status of social services through continuous data gathering and program evaluation. In general, individuals representing states, localities, private providers and advocacy groups expressed dissatisfication with the federal government's performance in these roles.

Capacity to evaluate Title XX services, a mandated federal responsibility, does not appear to have been developed to a significant extent. [Note: the special evaluation report cited above is expected to be available in the spring of 1979] Lack of common terminology and an accepted services taxonomy have been inhibiting factors. For states, additional obstacles to program evaluation activity called for by the Title XX statute include the under-developed "state of the art," the lack of sustained federal technical assistance, and lack of funds to support the activity at the state level.

Inter- and intra-departmental coordination of social services policy and programs has not been implemented at the federal level. Lack of such federal level coordination impedes and discourages state and local efforts to achieve coordination called for by the Title XX statute.

Federal statutes and regulations for non-Title XX programs constitute continuing barriers to coordinated social services networks. Though efforts have been made at the Congressional and federal agency levels to lower these barriers, the action has not been as effective as desired.

Fragmentation and discontinuity in federal management and organization of services programs continues to hamper organization and management of services at state and local levels.

Symposium recommendations for action

Because they represent a substantial consensus of concerns, Symposium views were centered around Services Delivery, the Planning Process, Management Improvement, and the Federal Role. This format is followed for recommendations as well.

Recommendations for action on services delivery

Establish a reliable foundation for an effective, accountable social services delivery network by authorizing substantial permanent funding increases—including inflation-related indexing—for Title XX Services.

Utilize Title XX as the vehicle for channeling short-term funds to states and localities for emergent, problem-specific national priorities, rather than continuing to legislate around new categorical programs.

Provide Title XX funding increases specifically to compensate for actual program dollar losses since 1972 in the $2.5 billion ceiling on federal Title XX expenditures. Retain flexibility of such funds for the generation of new program ideas and responses to unique local needs.

Retain the current federal/state participation in Title XX funding as preferable to the special purpose block grant format which currently supports certain federal manpower, training, and housing and community development programs, in order to continue the Title XX emphasis on public accountability and to preserve the combination of intergovernmental responsibilities for publicly funded social services.

Recommendations for action on the planning process

Vitalize Title XX's capacity to serve as the fulcrum for comprehensive social services planning by amending federal statutes where necessary to support this objective, and by providing such additional regulatory and financial incentives as would contribute to its achievement.

Permit multi-year planning options under Title XX and other social services programs that require state plans, so as to enable states and localities to conform budget cycles and Title XX program plan schedules, as well as to assist in coordination of planning across program lines.

Permit integration of CASP hearings and publication processes with state budget cycles, so as to improve the quality of public participation and enhance the credibility of those processes—provided that appropriate public participation mechanisms are assured and that the format of any combined documents is compatible with the display of program information required by the Title XX services (CASP) plan.

Require states to display current-year CASP plan expenditures and services in a multi-year context for purposes of comparing plans with performance, thus to complete the accountability loop, but provide options for carrying out such requirement. For example, it might be accomplished in a single document, or in separate reports.

Recommendations for action on management improvement

Encourage states to build management capacity in the areas of comprehensive social services planning, systematic program evaluation, and services information recording, retrieval and analysis by setting aside from the existing Title XX ceiling new federal funds for these purposes.

Assure at the federal level that high quality technical assistance, guidance, and activities designed to promote management technology transfer are available on an ongoing basis, in order to build management capacity at state and local levels in the areas of needs assessment, data analysis, program and financial reporting, performance standards development, services effectiveness measures, service delivery standards, purchase of service contracting, and program monitoring procedures.

Recommendations for Action on the Federal Role

Invest administrative resources needed to strengthen and support federal agency capacity to perform a strong, creative role as expert advisor, consultant and advocate for states and localities in the development and operation of Title XX based public social services networks.

Improve public understanding and demonstrate the utility of Title XX social services through sustained evaluation efforts. Compare the cost-effectiveness of purchased services with those provided directly by public agencies.

Disseminate strategies to assist states in such uncharted areas as services network management. Facilitate the transfer of technology and expertise among states with common interests and concerns.

Act as a Title XX advocate and otherwise proceed to clear the way for comprehensive Title XX services planning, for more extensive integration of services program planning and state budgeting cycles, and for useful participation of consumers in services program development.

Develop (or implement) procedures to coordinate federal resources allocation for social service programs, thus to facilitate program coordination efforts undertaken at the state and local levels. Reduce varying eligibility requirements and other constraints on coordinated services planning and service delivery through liberal use of waiver authority. Provide sufficient consistency in eligibility factors to permit use of common application forms.

Initiate action at the federal agency, Congressional and state levels to put in place common definitions of program elements and services. HEW and Congress should cooperate to remove statutory barriers and to harmonize requirements for federally assisted social services programs, so as to assist the achievement of Title XX planning objectives.

Support agency-wide utilization of the Joint Funding Simplication Act so as to facilitate coordinated, comprehensive services program planning. Provide technical assistance to enable states to utilize the Act effectively. Obtain authority or utilize existing authority, to set aside a portion or percentage of categorical program funding to support joint funding of services, where appropriate.

Symposium background paper

As a co-sponsor of the National Title XX Policy symposium, the Urban Institute prepared and made available to all conference participants findings of a major study of Title XX in its first two years of operation entitled "Social Services: Federal Legislation vs. State Implementation." This document—Which contrasted the intended effects of P.L. 93-647 with its actual results in the areas of planning and services priority setting, financing, resources allocation, organization and management of state social service agencies, and roles and responsibilities in services administration—served the Symposium both as background material and reference tool.

Conclusions reached by the authors of the study paper include but are not limited to the following:

CASP planning is not comprehensive, and in many key respects the CASP is not a plan at all.

It is doubtful that the public participation experienced under Title XX is representative of either consumers or the general public.

There remains an opportunity for state and federal leadership to make Title XX something other than a "source of funds."

The ceiling on federal Title XX expenditures may not have halted the growth of program costs borne either by federal or non-federal sources.

State and/or local control over social services programming appears to have been enhanced by Title XX.

Perhaps as a result of resource restrictions, less than one-third of all states have opted for maximum eligibility levels permitted by the federal statute and a substantial minority of states have further opted to reduce client eligibility levels since the inception of Title XX.

The most dramatic shift brought about by Title XX implementation is the increase in purchased services as compared to those provided directly by the state and local public welfare agencies.

Overall, the study concluded that while Title XX was not altogether successful in achieving the sponsors' goals in its first two years, it has had very positive influence in many areas—particularly in the area of state-level administrative systems where key changes have been initiated in planning and evaluation, data processing, statistical reporting and contract administration. Title XX is now at a crossroads in the view of the authors. "During the next few years, actions will be taken (or not taken) that will determine the legislation's ultimate contribution to national social services policy."

TITLE XX AT THE CROSSROADS

Report on the October 1978 National Title XX Policy Symposium: Assessing the Early Years, Pointing the Way Toward Improvement

PART II. SERVICES: LEGISLATIVE EVOLUTION IN THE SOCIAL SECURITY ACT

Social services under the public assistance titles

Preceded by controversy and heralded with high expectations of something like a new dawn for social services, Title XX formally arrived on the social welfare scene on January 4, 1975 as Public Law 93-647, an Act ". . . to establish a consolidated program of Federal financial assistance to encourage provision of services by the States."

"Consolidate a program" meant that funding authority for services to the aged, blind, and disabled and families with dependent children would be *shifted out* of Social Security Act Titles I, IV-A, X, XIV, and XVI and gathered within a single new title—and, almost incidentally, that the separation of cash assistance and services would thus be formalized.

(Social) services, for this paper, mean beneficial activities designed to protect and care for people who are helpless or vulnerable, and to assist other people in coping with personal problems or conditions which prevent them from functioning to their own satisfaction and that of society. Services have no age identity, nor are they furnished only in one or another setting specific to their purposes. Today, social services range from supplemental care for a small child in a family day care home while the parent is at work, through training for a disabled adult provided in a rehabilitation center, to a homemaker or home-health services for a frail elderly person living at home alone.

Although [Title] XX became the Social Security Act's newest title in January 1975, in reality it was but the latest chapter in the evolution of public social services program operated by state and local government in the United States—activities which in fact preceded the 1935 Social Security Act, albeit with the public agency role quite overshadowed by the voluntary sector.

Title V (now IV-B) of the original Social Security Act had authorized child welfare services for homeless, dependent, and neglected children, and children in danger of becoming delinquent. But, the legislative line that leads directly to Title XX under the federal/state partnership for services to families and children, disabled persons, and the elderly, first appeared with the 1956 amendments to the Social Security Act: Public Law 880, 84th Congress. The August 1956 amendments acknowledged those social services that were already being carried out by states and localities as an eligibility—related element of the federal/state cash assistance programs, by authorizing their reimbursement from federal funds at a 50 percent matching rate under "administrative expenses." The services authorized were to help recipients achieve self-care, self-support and personal independence, and to strengthen family life. Only those services provided by the staff of the state (or local) agency administering the state plan were to be federally reimbursed.

The next statute to become a Social Security Act landmark for public social services was Public Law 543, 87th Congress, enacted in July 1962 by persuasion that social services could be utilized successfully to halt the poverty cycle whose most visible manifestation in the United States is welfare dependency. "Prevention or reduction of dependency" was added to the goal under which services would be provided. Eligibility for services was, for this purpose, extended to two new, broadly defined categories of persons called "former" and "potential" recipients of cash assistance. The federal matching share for these services was increased to 75 percent (to include the training of personnel employed, or preparing for employment, by the state or local agency) as an incentive for states to undertake or increases services. No less significantly for the future of public social services, the state agency was for the first time authorized to enter into agreements with other state agencies (such as health and vocational rehabilitation) for services which could be "more economically" provided by these agencies. Thus was "purchase of service" introduced into social services programs under the Social Security Act. Interestingly, the House Ways and Means Committee in 1962 "anticipated that such purchase would be reimbursed on a case-by-case basis."

Six years later a third major policy change occurred in the Social Security Act. Whereas the 1962 amendments vastly expanded the base for services eligibility (the consumer market), the January 1968 amendments (Public Law 248, 90th Congress), broadened the market for providers by establishing authority for states to purchase services outside the circle of state agencies. A strong impetus for this new contracting authority was the simultaneously-enacted WIN (work incentive) program work-registration requirement, which included mandatory child care and other supportive services. It was deemed that the public sector could not be relied upon to provide directly all the child care and other support services necessary for large-scale work programs for welfare recipients; therefore, it would be necessary to purchase some services from the private sector.

Thus, in the space of twelve years the Congress, out of concern over welfare dependency had: (a) expanded Social Security Act authority for the expenditure of federal funds for social services to current recipients of cash assistance by providing for such services to be extended to low-income families and individuals (former and potential welfare recipients) as well; (b) broadened the services mandate from the promotion of self-support and self-care and the strengthening of family life, to include the prevention and reduction of dependency. (c) opened the marketplace to private and public providers of services, in addition to direct service provision by the staff of the public welfare agency; and (d) encouraged the states to utilize this authority by agreeing to reimburse $3 out of every $4 spent by states for these activities (including the costs of administration and staff training) without any fixed dollar limitations.

During much of this period, federal agency staff exhorted, and assisted, states in developing and extending their social services programs. Not surprisingly, the combination of statutory authority, federal-level advocacy and state office interest in federal funding sources ultimately resulted in very rapid increases in state utilization of (or plans for) this long dormant funding source. The most dramatically increased and well-publicized expenditures during the period 1968–1972 were the result of some states' action to shift costs of various institution-based programs for mental health and mental retardation, corrections, and some education from programs from their traditional, solely state-funded status to the federal/state 75–25 matching rate for services authorized by the Social Security Act.

At the federal level a number of actions were then begun to curb what some policy makers thought of as "uncontrollable" spending for Social Security Act services. Much of the fiscal alarm related to the fact that services were, at that time, authorized under the Social Security Act cash assistance titles which are an "open-end" authority to match allowable state expenditures with federal dollars. The use and abuse that could be imagined were literally endless. Federal actions began to bear fruit in October of 1972 with enactment of P.L. 92–512. That statute (the general revenue sharing act) fixed a $2.5 billion ceiling on total federal expenditures for social services under the several Social Security Act cash assistance titles, and restricted 90 percent of those federal funds to expenditures for services for family planning, child day care, foster care for children, mental retardation services, and services for alcoholism and drug abuse.

The $2.5 billion limitation on federal expenditures for these services, which would be carried over to Title XX in 1975 and result in some program impacts undreamed of in 1972, was made available to states on a simple, population-based formula, unrelated to relative proportions of welfare recipients or other poverty criteria. At the time services were "capped," five or more states were already spending at or beyond their allotted share of the funds on existing, in-place services. This fact, too, was to produce a substantial frustration of many expectations for Title XX.

In February 1973, the Department of Health, Education and Welfare published proposed rules to implement the 1972 "ceiling" in Public Law 92–512 and to otherwise tighten controls on the expenditure of federal funds for social services. Revised regulations were to contain the program by prohibiting the use of privately donated funds for use as the states' share of the 75–25 matching rate for services; by telescoping the time period defining "former" and "potential" welfare recipients from three and five years, to three months and six months, respectively; and, by tightening eligibility, accountability requirements and conditions surrounding purchase of services by the "single state agency" from other public and private agencies.

State and local elected officials, program administrators, advocacy groups, labor unions, national organizations, and public as well as private non-profit provider agencies rallied against the proposed regulations with a deluge of communications directed both to HEW and members of Congress (well over 200,000 pieces of mail were answered by HEW alone). Objections, both to the regulatory proposals and to the effect of the statutory 90-percent targeting on current recipients, were based on the argument that existing services would be severely curtailed or eliminated and hundreds of thousands of persons relying on those services would be hurt by the loss.

Pressure generated by the public outcry ultimately derailed the regulatory revisions proposed in 1973. Congress twice enacted amendments to the Social Security Act to prevent their final promulgation. It became evident then to advocates and federal administrators alike that substantive program legislation would be required to satisfy those who wanted to preserve the services in their present form—or to expand their scope—and those who perceived a need to restrain the growth of federal expenditures or to prevent transfer to the federal government of traditional state responsibility for institutional care of the mentally ill or disabled, delinquent youth, preschool education or foster care maintenance costs.

During 1973 and throughout 1974, federal agency officials and Congressional staff worked with much the same coalition of national groups that had assembled in the spring of 1973 to defeat HEW's proposed regulations. This was a period of continuous shaping, debating, reshaping, negotiating, discussing, and re-negotiating legislative proposals for federally funded social services provided under Social Security Act authority. In the course of these events, the locus of program responsibility for $2.5 billion in federal funds dedicated to social services would be fundamentally changed. States would not only define service, but would decide where, how much, and to whom those services should be provided. The federal executive agency would be granted explicit responsibility for assisting states with their program content and administrative requirements newly established for Title XX; for collecting national data; monitoring compliance with statutory procedural requirements and program-related proscriptions; and, no less importantly, for providing Congress with ongoing evaluations and one special overall evaluation of Title XX services and operations.

Title XX: The statute

Title XX services are, by statute, goal directed. Public Law 93-647 authorized appropriations for the purpose of encouraging each State, as far as practicable under the conditions in that State, to furnish services directed at the goal of—

(1) achieving or maintaining economic self-support to prevent, reduce or eliminate dependency, or

(2) achieving or maintaining self-sufficiency, including reduction or prevention of dependency, or

(3) preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating, or reuniting families, or

(4) preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care, or

(5) securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions.

But, out of the issues which form the political and programmatic background of Title XX, these additional objectives emerge:

To forge a new, flexible instrument through which states could rationalize the design and delivery of social services, in accord with the needs of their citizens and within the policy preferences and constraints unique to each state, by:

Eliminating from the new statute the previous requirement for all services to be available "statewide" and providing instead an option for states to select substate areas within which different mixes of services could be provided;

Eliminating the authority formerly held by the Secretary to approve the states' social services plans and to set priorities by mandating services for various recipient groups (the Secretary continues to have approval authority for the states' Title XX administrative plans)—and instead permitting those decisions to be made by states, so long as three services are made available to SSI recipients, and the program includes at least one service directed to at least one goal in each of the five goal categories;

Prohibiting the definition of services by the Secretary and instead defining in law those activities not considered to be services for purposes of Title XX;

Consolidating administration of Title XX and Title IV-B child welfare services;

Establishing an open-end authority to fund training directly related to the states' Title XX program of services.

To encourage a move toward universal "access" to services, and to significantly loosen the tie between Social Security Act services and public welfare program objectives, by:

Allowing eligibility for services on a fee basis for persons with incomes up to 115 percent of the state's median income, and without a fee for individuals with income not in excess of 80 percent of the state's median;

Eliminating categorical eligibility for "former" and "potential" recipients of cash assistance, and providing instead for automatic eligibility for SSI, AFDC, and Medicaid recipients;

Establishing information and referral, protective services (and family planning, by later amendment) as universal services, available at state option without regard to client income.

To encourage comprehensive state planning, through which states would determine the social services needs of their citizens, set priorities, allocate resources, and provide or purchase services to meet those needs. For this purpose an annual social services program plan would be required, to include the following plan-related materials:

Description of activities undertaken by the state to determine the needs of all residents for services, as a part of the state services plan development;

Description of how Title XX services would be coordinated with other federally funded services programs;

Description of planning, evaluation and reporting activities to be carried out under the program:

Display of services by geographic areas, eligible groups, services goals, planned expenditures.

To encourage states to involve the public in the development of the services plan and to provide a mechanism for accountability to the public for expenditures of services dollars, by:

Providing opportunity for citizen review of the annual services plan, and by requiring a 90-day comment period on proposed plans, and explanations of where changes were made on final plans;

Requiring that both proposed and final plans be published and be made available to the public. [Note: two additional public accountability features—a mandatory annual report on the services plan and an independent audit of Title XX expenditures—were eliminated in conference between Congressional committees just prior to passage of Public Law 93-647.]

To draw a boundary around social services, to distinguish them from other human services and to protect the Title XX social services funding base from unintended or inappropriate utilizations, by:

Narrowly limiting circumstances under which payments may be made for board and room, or medical or remedial care (these are considered, basically to be income maintenance and health services);

Prohibiting payments for services provided by staff of institutions (this was deemed to be a state function and responsibility);

Prohibiting payments for educational services which are free and generally available in a state (here, again, routine education and training has been considered a state responsibility);

Prohibiting payments for foster care maintenance and for emergency shelter in excess of 30 days (income assistance).

To specify a federal role as guide and helper to the states for social services, and as monitor and evaluator of the results social services supported through federal funds are producing, by:

Establishing a statutory requirement for the Secretary of HEW to furnish assistance to states for program content and management functions;

Calling for an annual evaluation of Title XX programs, and a special evaluation approximately two years after enactment of Public Law 93-647.

To further a national policy aimed to prevent or reduce institutionalization of persons who could more appropriately be served through less intensive forms of care at home or in the community, by:

Establishing this "prevention" policy as one of five Title XX goals for services;

Reinforcing it through prohibition of use of Title XX funds for reimbursing maintenance costs and staff services involved in institutional care for mentally ill or retarded persons, for juvenile delinquents or adult offenders.

To identify, as a national priority, protective services for children and adults in need of such protection, by:

Establishing the prevention or remedying of abuse, neglect or exploitation of children and adults as one of the five Title XX goals;

Providing that protective services may, at state option, be made available to all persons who need them without regard to income or other categorical eligibility criteria.

With explicit goals and implicit objectives such as those suggested above, and with a clear potential for serving as the centerprice for social services systems in the 50 states, Title XX was launched in the summer of 1979. Its first year problems were legion. For example: there was widespread a misconception that Title XX was a new program with new money and few fetters—when in fact it was a well-established program operating under a permanent $2.5 billion ceiling, with federal expenditures in the year 1975 of more than $1.9 billion—and when, in fact, 14 states were already spending Title XX dollars at or near the limit of their federal funding allocation. As a second example, Public Law 93-647 required publication of the initial "proposed" Title XX services plans by July 1, 1975 (final plans were due by October 1 that year), less than six months after the law was formally enacted and less than one month after final regulations had been published—which produced in all states, comprehensive annual services program plans far below the mark that ought ideally to have been established as a planning precedent, and standard, in the first year. And, as a third example, a few weeks before the October 1, 1975 effective date for Title XX services. child day care providers in some states began confronting Congress with the argument that day care standards incorporated within the Title XX statute would cause child care centers to close their doors, or to turn away Title XX recipients, if these standards were to be implemented on the first day of the first Title XX program year—which compelled Congress on October 21, 1975 to alter certain standards and delay implementation of others, after the fact.

Despite its problems, or perhaps in part because of them, Title XX has raised the awareness of millions of people to the existence of publicly funded social services and to the state they can, and do, have the future of these services.

Mr. BERGE. In the State of Wisconsin, the title XX program has come under really increasing public scrutiny and public criticism over the past 3 years. The main reason for this—a number of reasons exist, but the main reason for this has been the way we have maintained and administered the program in the State, in that we have really offered to the public a very broad array of services with very liberal eligibility criteria attached to them. This in the face of declining resources, declining real dollar resources for the past number of years has caused a certain credibility gap to be felt on the part of the citizens of Wisconsin, the legislature, and others in the State in terms of the real value of title XX services.

In addition to that, the planning process has had some difficulties, and the reliability and relevancy of that process to the local level where the services are actually delivered is questioned very frequently.

The State of Wisconsin is taking very active steps at this time and is involved in a number of areas that we will hope to address and resolve in the State. We are presently taking a look at the possibility of establishing some State-mandated priority services which each county must by statute deliver.

At their option, at county discretion, if this system would be instituted, the counties would be able to at their own discretion establish additional services to that base level of services.

We are pursuing the possibility of instituting statutory requirements which will mandate the minimum standards for public participation in the planning process. That has been another weak spot.

In addition to that, we are trying to address the problem of the vagueness of the title XX service definitions by instituting a pilot project at this point and hopefully a statewide system shortly to institute a system of human services classification which will clean up and standardize our definitions.

We are also attempting to establish a more meaningful management information system which will help the administration of the program at the local level as well as meet the Federal requirements for reporting.

The point I am trying to make is that we are attempting several things at the State level. Some of the things we feel need to be done, however, are going to have to be done in consort with the Federal effort. That is what we are here to talk about.

The No. 1 issue, as Mr. Coler talked about, is obviously funding. With a program that has maintained a ceiling for the past number of years in the face of rising prices and inflation, this is a major problem.

The State of Wisconsin would also recommend that the temporary $2.9 billion ceiling be made permanent at that level, and additionally, that a $300 million increase for fiscal year 1980 be adopted to raise the permanent ceiling to $3.2 billion.

In addition, some kind of a process, tied hopefully to the Consumer Price Index, would be put in to offset future inflation.

Funding is, of course, a very difficult thing in the face of national trends toward cutting back services. We realize that, but we feel that if nothing else, we must try to keep pace with the inflationary increases that we have experienced.

Now, not all of the issues are funding issues. We feel there are a number of important issues in title XX that we can address that have little or no fiscal impacts, no fiscal involvement attached to them. One of the things we would like very much to see is that the States be given the flexibility to be able to do a better job of synchronizing the title XX planning process with the local planning process. At the present time in Wisconsin we have adopted our title XX planning process on the basis of the State's fiscal year. Our county agencies operate on a calendar fiscal year. That has contributed to the credibility problems and planning problems for title XX in Wisconsin.

So, we would very much like to see the States have the option to tie the title XX planning process to the county fiscal year. We think that would make a lot more sense at the local level and would make the planning process much more real for the local level.

Tied closely to that issue is the question of whether or not we could extend the present annual planning basis to a multiyear basis. We feel that this again would be very meaningful to the plan development and plan administration process in the States, so we would recommend in this area that the title XX statutes be amended to allow the States the option of 1-, 2-, or 3-year planning options as opposed to the present annual option.

Another issue which we would like to see addressed in the title XX proposal is that of extending the emergency shelter care program from its present inclusion of only children to that of adults. In Wisconsin we are currently undertaking and experiencing a great deal of development of such programs as programs for battered women. We would like to see us have the flexibility to include a piece of that program under the auspices of title XX, and we feel that extending that provision to include adults is a realistic and meaningful one for us.

I would like to make a couple of comments on title XX training. The issues with title XX training I do not think are exclusively tied to the issue of whether or not there is a cap. The cap is an important issue. The State of Wisconsin would oppose an all-inclusive cap at this time, especially at the 3-percent level, because this would serve at this point to cut us back considerably from our present level of expenditures from title XX money.

The concept of a cap itself is not quite so bothersome as how the cap is determined. We would like very much to see any cap that is considered be based on some kind of a well thought out and equitable formula, based at least to some extent on not only the percentage of the title XX allocation for the State but also based on the track record and funding experience that the State has maintained and proposes to maintain for title XX training.

In addition, however, to the cap issue, there are a number of title XX training issues that we would like to see addressed. One of them is in the area of the time frames for training. We feel like the present requirements mandating the length of time for training to be reimbursed under title XX are not realistic, and are not very workable in terms of providing meaningful training especially to our local provider agencies.

We would also like to see some thought given to looking at title XX training policies in general, attempting to clarify some of the policies and attempting to make a little bit less rigid some of the interpretations of policies that are relevant and related to Title XX training.

Mr. Coler talked briefly about the possibilities and the need for some set-asides of title XX training moneys to be directed at management improvement. We feel this is also a major issue and one has to reemphasize the fact that unless training moneys are set aside, it is very likely that demand for direct services to persons who need those services is going to overcome and outdistance the demand for improvement in management of the programs.

Those are really the issues we wanted to bring to the committee's attention. We feel they are very important issues, and that title XX is probably at a very critical time in its historical development, at least in Wisconsin, and I am quite sure this is the case in other States as well.

I appreciate the time the committee has given to listen to my remarks, and would be happy to respond to any questions you might have.

[The prepared statement follows:]

STATEMENT OF GERALD BERGE, DIRECTOR, MILWAUKEE REGIONAL OFFICE, STATE OF WISCONSIN, DEPARTMENT OF HEALTH AND SOCIAL SERVICES ON BEHALF OF THE NATIONAL COUNCIL OF STATE PUBLIC WELFARE ADMINISTRATORS

This testimony on Title XX Services is being presented on behalf of the State of Wisconsin and Donald Percy, Secretary of the Wisconsin Department of Health and Social Services. Secretary Percy is a member of the National Council of State Public Welfare Administrators. I want to express to the Committee the appreciation of Wisconsin and Secretary Percy for the opportunity to present our views on this important subject. It is my hope that the information which follows will be of value to the Committee in its deliberations.

The Title XX social services program in Wisconsin has been increasingly criticized over the past three years. Most of the criticism has been that the scope of services and the diversity of target groups included in the State Plan have been too broad relative to available resources from the inception of the program, and have expanded each year while real resources decline. This has put the counties in the position of having to provide designated services to members of the broadly defined eligible target group requesting services until available funds are exhausted. When the money runs out, local tax dollars must be used or services have to be reduced.

There are additional problems:

1. The State Title XX Plan is an overlay on the more important planning and budgeting process which occurs at the county level, complicating and confusing the relationship between state and local planning and budgeting.

2. The role of the county in the development of the State Plan has been ill-defined and relevant public participation at the local level has been lacking.

3. Unrealistic citizen expectations for a broad array of social services in the context of inadequate and decreasing resources and planning problems have resulted in frustration and numerous difficulties in local program administration.

Wisconsin is determined to take aggressive action to streamline and rationalize the delivery of social services to its citizens. We are currently engaged in:

1. Exploration of a system of identifying priority social services and target groups for which counties would be mandated to make provision in their local planning and budgeting process. This approach would include an additional designation of optional services which could be added to those mandated at the discretion of the county.

2. The design of a state mandated process of public participation in plan development.

3. The piloting and eventual implementation of a Human Services Classification system designed to specify and sharpen current broad social services definitions.

4. The design and implementation of an improved management information system for social services which will meet the program management requirements of the Federal, State and County levels.

While Wisconsin clearly recognizes the need for resolution of Title XX problems at the state level, there are a number of issues which must be addressed here in Washington. On these issues, I present the following discussion and recommendations.

FUNDING

Not surprisingly, Title XX funding levels have become more and more of a problem since the $2.5 billion ceiling was set in 1972. Inflation has resulted in an estimated 20 to 30 percent erosion in the buying power of the social services dollar between 1972 and the present. This decrease in real dollar value has contributed greatly to the frustration with the Title XX program discussed earlier. Valued services have had to be cut back. At this moment Milwaukee County, the largest of Wisconsin's 72 counties, is proposing to amend two Title XX services, Supportive Home Care and Day Services, out of the State Plan. Milwaukee County, in only the first quarter of the budget year, is projecting such significant deficits in social services programming that they feel compelled to terminate client entry into these needed services for the elderly, the disabled, and emotionally troubled children. Other Wisconsin Counties are experiencing similar funding problems.

Wisconsin has, since 1973, claimed every Title XX dollar available to it and has appropriated significant state dollars for Title XX services beyond the levels required for state match. Many Wisconsin counties appropriate local tax dollars at levels above match requirements for social services. The inflation-caused funding gap continues to grow.

Wisconsin recommends that: (1) Title XX be amended to make permanent the current temporary ceiling of $2.9 billion, (2) For fiscal year 1980, the ceiling be permanently increased by $300 million to $3.2 billion, (3) Beginning in fiscal year 1981, the ceiling be permanently increased to a level off-setting the $500 million—$800 million inflation-caused erosion of Title XX funds, and 4) Beginning in fiscal year 1981, a permanent Consumer Price Index funding escalator be included in the Title XX law to off-set inflation.

PLAN SYNCHRONIZATION

Currently, Wisconsin's Title XX Plan is Federally required to be published and filed on or before July 1 of each planning year. This conforms with the state fiscal year, but is 6 months out of synchronization with the county system of calendar year budgeting. This has, in effect, caused us to do a double planning process for each year. Planning costs money and has again contributed to the diverting of Title XX dollars away from service provision. This has also focused critical attention on the effectiveness and credibility of the entire Title XX planning process. As a result, the planning and review process has been seen by many as an interesting process but irrelevant to meaningful social services planning, especially at the local level.

Wisconsin recommends that the Title XX law be amended to permit the states the flexibility to make the Title XX plan development process fit the county fiscal calendar year dates.

MULTI-YEAR PLANNING OPTION

Wisconsin believes that the credibility and relevancy of the Title XX planning process could be further enhanced if the states had the option of developing the required plan on other than the current annual basis. This issue is closely tied to the one discussed earlier concerning plan synchronization. The flexibility of multi-year planning coupled with a plan tied to the local county planning and budgeting cycle would greatly improve the process and strengthen plan development.

We specifically recommend that Title XX be amended to provide states the option for either a one year, a two year, or a three year planning cycle for Title XX.

EMERGENCY SHELTER CARE

The current Title XX law allows the provision of emergency shelter services for 30 days to provide protective services for children. The law does not allow for the provision of similar services to adults. This has been problematic to the funding of needed programs recently developing for services to battered women.

Wisconsin recommends that the current Title XX 30 day emergency shelter for children provision be amended to include adults.

TITLE XX TRAINING

Proposed revision of Title XX training regulations includes several important changes recommended by the state administrators: (1) minimum time requirements for short-term training, (2) description of the types of institutions, agencies and individuals eligible for reimbursement for providing Title XX training, and (3) who is eligible to be trained under Title XX. Publication of these revisions was anticipated in October 1978, but controversy on budget control issues has delayed the issuance of the needed regulatory changes. In addition, a cap on Title XX training expenditures has been proposed.

Current Title XX training regulations are a problem to the states. Vague policy, uncertain policy interpretations, and inflexible guidelines have undermined efforts by the states to responsibly and efficiently implement Title XX training programs.

Wisconsin recommends that: (1) The Administration review Title XX training policy to eliminate unclear policy, internal contradictions, and inflexibility, (2) The new training regulations let the states choose the type of training delivered, short-range training time frames, and the types of personnel to be trained, and (3) States be permitted the latitude to fund training for management-level provider personnel.

On the issue of the proposed funding for training expenditures, we recommend against setting a permanent all-inclusive cap at this time and instead suggest that a cap be placed on training expenditures, but only for training other than in-service training for public agency and provider personnel. Wisconsin does not oppose an eventual cap on all training funds after a period of experience with funding management-level personnel which would serve to strengthen management in all social services to promote effective, efficient use of funds. Any such cap should be based upon an equitable formula considering the level of Title XX service funds and the state's training fund expenditure pattern.

SUMMARY

The State of Wisconsin feels that the Title XX program is currently at a critical point in its historical development. A number of important issues need attention and resolution:

1. Funding allocations should be altered to off-set the inflation-caused erosion of the Title XX dollar since 1972. Permanent inflation off-set factors should be built into determining the ceiling levels, adjusting for ongoing inflation.
2. The Title XX program should permit the states more flexibility in synchronizing the timing of Title XX planning with that of the local planning and budgeting process.
3. States should be permitted multi-year Title XX planning options.
4. The 30-day emergency shelter provision should be extended to include adults.
5. Title XX training policy should be clarified and simplified giving the state the flexibility to effectively manage the training component of the Title XX training program. An all-inclusive cap on training funds should not be set at this time.

These are currently the most significant issues regarding Title XX services. The State of Wisconsin is in the process of initiating a number of program and planning changes at the state and local level which we feel will result in the more effective delivery of quality social services to those who need them. It is our hope that the recommendations that we have made for changes at the Federal level will be given serious consideration. I would once again like to express the appreciation of Secretary Percy and the State of Wisconsin for the opportunity to be heard and would like to thank the Committee for its attention.

Mr. **Corman**. Thank you very much. Mr. Rangel?

Mr. **Rangel**. I have a question for the gentleman from Illinois, Mr. Coler. I notice that the local government, in terms of AFDC, pays nothing while it is 50-50 between State and Federal. How long has that been?

Mr. **Coler**. The formula for AFDC?

Mr. **Rangel**. Well, as it relates to the State assuming all of the non-Federal share.

Mr. **Coler**. I am sorry, but I don't understand your question.

Mr. **Rangel**. In many States with AFDC, is the non-Federal share paid for by the States as well as local governments?

Mr. **Coler**. Right.

Mr. **Rangel**. I noticed in your State there are no——

Mr. **Coler**. Oh, in Illinois we have a State-administered system. We do not have a county welfare system as in New York State where it is State supervised and locally administered. All the workers in the Illinois Department of Public Aid, which administers AFDC and income maintenance, as well as my department, which provides services, are employees of the State. There is no county system.

Mr. **Rangel**. There never has been a city or county system?

Mr. **Coler**. That is correct. There is a very small county system that provides minuscule amounts of funds to people in certain kinds of desperate need. That harkens back to days long gone by when people used to get a pair of coal and that kind of thing from local government, but in Illinois, as I say, it is a State-administered system.

Mr. **Rangel**. Thank you.

Mr. **Coler**. I am sorry that I did not hear your question the first time.

Mr. **Corman**. Thank you very much. Your testimony has been helpful.

Is Ms. Norma Bork here?

Well, our next panel will consist of Dee Everitt, member, Governmental Affairs Committee, National Association for Retarded Citizens; Thomas Bankston, executive director, UCP, Metropolitan Dayton, Ohio; and Robert Gettings, executive director, National Association of State Mental Retardation Program Directors.

STATEMENT OF THOMAS E. BANKSTON (EXECUTIVE DIRECTOR, UNITED CEREBRAL PALSY OF METROPOLITAN DAYTON, OHIO) ON BEHALF OF THE UNITED CEREBRAL PALSY ASSOCIATIONS, INC.

Mr. **Bankston**. Mr. Chairman, my name is Thomas Bankston, executive director, United Cerebral Palsy of Metropolitan Dayton, Ohio, and I am here today representing United Cerebral Palsy Associations, our national association.

The other persons with me are Mrs. Dee Everitt, who is a member of the National Association for Retarded Citizens' Governmental Affairs Committee, and Mr. Robert Gettings, executive director, National Association of State Mental Retardation Program Directors, Inc.

We have submitted prepared statements. We would like you to consider them as one. We have talked among ourselves and we support the positions of each other. We would like to talk briefly, each of us, about one or two items.

Mr. **Corman**. All right. All the statements will appear in the record in full.

Mr. **Bankston**. Thank you.

In our prepared statement, we have recommended several amendments regarding title XX. First, we want to commend you for the position you have taken in proposing $3.1 billion for fiscal year 1980 and the 7-percent escalation factor for fiscal year 1981. We encourage you to consider the continuance of this 7 percent escalation factor in the years following 1981. If we are to meet the needs of title XX clients with the increased costs that we do have, this will be needed for each year.

In our prepared statement, we describe the title XX experiences of the United Cerebral Palsy of Cincinnati, Ohio, and United Cerebral Palsy of Columbus, Ohio, but we in Dayton also have an experience with title XX contracts dating back to March 1976, and more recently we have experienced a rather severe cutback due to the unavailability of funds in Ohio for contracted services.

Part of this is due to the holding of costs for other programs under title XX resulting in depleting the moneys available under contracted services, which in Ohio have dropped now from $60 million down to $39 million in the 3 or 4 years we have been in the program.

For instance, with our United Cerebral Palsy in Dayton, we have a contract to provide services for adult day care, for special transportation, for health-related services and foster care for severely disabled persons.

We were planning with our welfare department, throughout August and September, a renewal of our services contract amounting to around $200,000. However, we found that they would only have around $50,000 to expend for our services, and later on in December they were able to allocate an additional $21,000, and by January another $26,000, with the total being $97,000 against a projected expenditure of $200,000 for services.

As you can see, this means curtailments as far as we are concerned, Mr. Chairman, translated in terms of services and persons. To us it will mean an average of about 18 disabled persons a day will not be able to come to our center and will have to remain at home compared to services they received last year.

Our services under title XX have grown from approximately a 27 average daily attendance in our center to approximately 50 right now. So there is a need for the increased moneys under title XX. We commend you for your position taken. We urge you to consider the permanent escalation factor.

There is another problem with title XX that we are aware of and it is the earmarking of funds for a particular population.

United Cerebral Palsy Associations was part of the Social Services Coalition that brought about title XX. We were instrumental at that time in articulating the needs of the handicapped and we presented testimony at that time. There were two assumptions made very, very early. We still subscribe to those. One is that there would be no earmarking of funds, the reason being that if one special group were to have earmarked funds, then of course it opens the door for many other special groups that have to compete for earmarked kinds of funds.

The second assumption was that each State should have the opportunity to meet its own needs rather than being told at what level they would be. So, in terms of earmarking of funds for child day care services, we would oppose that.

There is consideration for adding emergency shelter under title XX. We would be in favor of the emergency shelter. However, we think that there would have to be additional moneys made available for it. If we take on the additional service of emergency shelter under the present funding level it really means cutting back services already in the program. So while we endorse the addition, we do have reservations about it in terms of the funding level itself.

Finally, part of the regulations concerning the donated funds agreement that makes title XX work as a partnership between both public and private agencies requires that donors, in contributing moneys, that the funds be controlled by the State—in our case the welfare department—as assigned by the State and that the donor could not then in turn receive these moneys back except that this would be an independent decision on the part of the State.

If we look at this in terms of history, this could mean that agencies contribute moneys to the State for this purpose and then receive those moneys back, and they would always have in question whether or not it is an independent decision on the part of the State.

It is our feeling that all of these considerations should be discussed up front; the definition of the population to be served should be up front and the services to be provided and actually a donation can come directly from the provider of the service. Ours is a voluntary health organization and a nonprofit organization, and we feel that is the way we should do business, and that we should have the right to do so. We are unaware of any opposition to this proposed revision. In fact, we expect later a representative from United Way to be talking about this, and we would endorse their position.

We think he will discuss it in even greater detail.

With that, if there are no questions, I would like to ask Mrs. Dee Everitt if she would make a presentation.

[The prepared statement follows:]

STATEMENT OF THOMAS E. BANKSTON, ON BEHALF OF THE UNITED CEREBRAL PALSY ASSOCIATIONS, INC.

Strongly believing in the need for a Title XX ceiling which grows in proportion to inflation, UCPA opposes the H.R. 2469 permanent ceiling of $2.9 billion and endorses the approach and concept contained in H.R. 2724: an increase in the ceiling to $3.1 billion for fiscal year 1980 with a 7 percent inflation factor. We respectfully suggest that the concept be expanded slightly to include the addition of an inflation factor to the ceiling each succeeding fiscal year.

Assuming that earmarking of particular population categories or service activities would destroy the social services movement, and supporting the need for States to be given flexibility to determine how their Title XX allocations will be spent, UCPA opposes the H.R. 2469 provision preserving permanently the special allocation of Title XX funds for child day care services.

Though fully accepting the appropriateness and desirability of the targeted addition of emergency shelter to Title XX, UCPA believes the addition should only be made if the ceiling is further increased to adequately finance these services.

Believing in a strong public-private sector partnership in implementing the Title XX program, and recognizing the tightening of finances for social services caused by the ceiling, UCPA recommends that all statutory limitations be removed to allow non-profit provider agencies to directly participate in the donation of funds as state matching.

INTRODUCTION: TITLE XX AND UCPA SERVICES TO PERSONS WITH DISABILITIES

United Cerebral Palsy Associations, Inc. appreciates this opportunity to address the issue of increased funding for services under Title XX of the Social Security Act. Many of our nearly 260 UCPA affiliates across the nation serve individuals with cerebral palsy and related disabilities through programs receiving Title XX funding; and it is no understatement to maintain that without this vital source of support many of our programs would have to be curtailed or discontinued altogether, causing tremendous hardships to the thousands of consumers we assist daily. Appendix One contains a sample survey listing of UCPA affiliates with Title XX purchase of service contracts. Title XX has become a major financing source of programs for the severely and multiply disabled.

The objectives of our statement are threefold: (1) To demonstrate the importance of Title XX social services in supporting persons with moderate and severe disabilities, (2) To cite several situations in which persons with cerebral palsy are being deprived of needed services as a direct consequence of state retrenchment in Title XX policies and programs, and (3) To advocate several amendments to Title XX which should assist the program in becoming even more responsive to persons with disabilities.

UCPA strongly supports the public-private sector cooperation and partnership which has evolved in the Title XX program. We believe it is beneficial to society for government to recognize its responsibility to its citizens in need, such as the disabled, and provide substantial and steady funding for social services. Equally, we believe that the private sector, particularly the voluntary non-profit groups, share this responsibility as an advocate of solutions to societal problems and directions for change, as a responsive, community-based provider of services, and as a community resource to financially complement and supplement social services programs. The social services needs of the disabled are immense: one sector alone cannot fully implement the necessary solutions. A partnership is therefore both necessary and desirable.

NEED FOR A PERMANENT INCREASE IN THE TITLE XX CEILING

One of the primary programmatic goals in the disability movement today is to prevent unnecessary institutionalization and provide residential and other community living alternatives to institutions. The freedom and opportunity to choose where to live in the community is the overriding objective to these efforts. Social services are intended to assist disabled individuals in meeting the needs of everyday living and to obtain access to other resources. They include such services as counseling, day care and adult activity centers, special transportation, information and referral, outreach, social-developmental, recreational, and attendant care/homemaker activities. Financial stability is curcial to providing a quality community service program for persons with disabilities. A Title XX ceiling which grows in proportion to inflation is vital to ensuring financial and programmatic stability. Unfortunately, our experiences over the past two years have demonstrated the instability of Title XX supported programs given an inflexible and no-growth ceiling.

A 1978 National Governors' Association report of state responses to former Representative Donald Fraser's Title XX survey indicated some unfortunate program cutback trends:

(1) Of the 37 states responding, 16 had terminated or reduced purchase of service contracts.

(2) 9 states had deliberately revised their eligibility criteria to limit the number of participants in a program or had specifically not changed eligibility criteria to continue to include people who become ineligible as a function of increased public assistance programs.

(3) 9 states had simply eliminated specific service categories. The NGA survey stated that "these specific service cutbacks have usually taken place in the areas affecting the handicapped (developmentally disabled, mentally retarded, and mentally ill), the elderly, and protective services for children and adults."

The NGA survey documented that Title XX programs for persons with disabilities have been discontinued or cutback in Colorado, Idaho, Kansas, Montana, Nebraska, New Jersey, Ohio, and West Virginia.

Our own organization has suffered from these difficulties; two examples from Ohio will demonstrate these problems.

UCP of Columbus-Franklin Counties. Two-thirds of this affiliate's $600,000 budget is composed of Title XX contract reimbursements. As the result of Ohio's decision to divert funds away from urban areas the affiliate will be required to curtail or discontinue services to many of its clients (cf. Appendix II). A redefinition of adult day care imposed by the state in an effort to reduce its Title XX commitment even further will eliminate services for 174 of the 200 adults currently served by the affiliate.

UCP of Cincinnati. Because, like affiliates of many voluntary health agencies, this affiliate's budget relies heavily on Title XX monies, its programs are in serious jeopardy. Approximately $175,000, or one third of its total budget, results from Title XX contract activities. As a consequence of a 38 percent rollback in Title XX funding for Hamilton County (cut from an expected $6.1 million to $3.8 million) the affiliate's budget suffered a $75,000 loss in revenue, resulting in significant staff reductions and truncation of its adult program (cf. Appendix III). On a broader plane, the county as a whole suffered crippling cuts in its 1978 social service programs, of which the following are indicative:

Program and percent of fiscal year 1977 budget

Adoption Services	88
Legal Services	9
Special Services for Blind	59
Development Services for Disabled Children	41
Health and Related Services	67
Disabled Adults	52

Without adequate financial backing no social service program, whether administered through public or voluntary nonprofit agencies, will be able to meet the needs of persons with disabilities, or indeed anyone requiring such assistance.

Strongly believing in the need for a Title XX ceiling which grows in proportion to inflation, UCPA opposes H.R. 2469 which proposes a firm $2.9 billion ceiling for fiscal years following fiscal year 1979. UCPA specifically endorses the approach and concept contained in H.R. 2724: an increase in the ceiling to $3.1 billion for fiscalyear 1980 with a 7 percent inflation factor added for fiscal year 1981. We would like to suggest that the concept be expanded slightly to include the addition of an inflation factor to the ceiling each succeeding fiscal year. Without specific Congressional action, the effect of H.R. 2724 will be a no-growth ceiling for Title XX in fiscal year 1982.

CHILD DAY CARE SET-ASIDE

UCPA opposes the H.R. 2469 provision preserving permanently the special allocation of Title XX funds for child day care services.

UCPA was a participant in the original Social Services Coalition which developed Title XX. Two assumptions were essential to these deliberations: (1) Earmarking of particular population categories or service activities would destroy the social services movement and program as each group would then insist on their own earmark and (2) States should be given the flexibility to determine how their Title XX allocations will be spent based on the particular needs within their state. If the Pandora's Box of earmarking is opened, representatives of the nation's citizens with disabilities will have to advocate for a separate set-aside. We did not oppose the temporary set-aside of funds for the purpose of assisting in Federal Interagency Day Care Standards Compilance; however, we strongly oppose any permanent set-aside.

THE ADDITION OF EMERGENCY SHELTER

H.R. 2724 specifically targets and adds a new Title XX service—emergency shelter "provided as a protective service to an adult in danger of physical or mental injury, neglect, maltreatment, or exploitation," not to exceed 30 days of support in any six-month period. This is a most appropriate Title XX service for many persons, including the disabled. There have been cases of inappropriate deinstitutionalization efforts for developmentally disabled persons who do not have proper follow-along and support services; emergency shelter would be beneficial.

Though we fully accept the appropriateness and desirability of the targeted addition of emergency shelter to Title XX. We have some reservations stemming from its financial implications. As a newly targeted priority of the 96th Congress, one can expect a large percentage of any ceiling increase to be allocated to this service. Given a small increase or no increase, as is proposed by H.R. 2469, the effect of adding emergency shelter would be no growth in existing service areas. UCPA recommends that the ceiling be further increased beyond the $3.1 billion as proposed in H.R. 2724 or $3.150 billion as proposed in H.R. 1666 to adequately finance emergency shelter services without hurting other existing services.

PRIVATELY DONATED FUNDS AS SOCIAL SERVICES MATCH

We have previously stated our belief in a strong public-private sector partnership in implementing the Title XX program. Appendix Four reviews the evolution of program utilization of privately donated funds as Social Services match.

In a June, 1978 National Governors' Association publication ("Social Services: Three Years After Title XX: A Report On The Impact Of Public Law 93-647 On State And Local Governments" by Peter S. O'Donnell) it is estimated that at least 50 percent of all Title XX dollars are currently used to purchase services. This approach allows state officials greater flexibility in targeting specific programs to specific needs and sidesteps obstacles created by bureaucratic systems. It also strengthens the public-private partnership so essential to the program. Unfortunately, this same study concluded: "As states have reached their Title XX funding ceiling, many of them have looked to purchased services as the first area to cut back."

These situations are reinforced in an October, 1978 Urban Institute study ("Social Services: Federal Legislation vs State Implementation" by Bill Benton, Tracey Field, and Rhona Millar): "Perhaps the most dramatic shift brought about by Title XX implementation is the dramatic increase in purchased services . . . (which) are now the predominant mode of service delivery nationally." This study documented that 53 percent of 1977 Title XX expenditures were devoted to purchase-of-service arrangements; of these, 32 percent were allocated to nonprofit private agencies.

Clearly, with the tightening of finances for social services caused by the ceiling, the public-private partnership has been strengthened. However, existing limitations on the use of privately donated funds as Title XX match have created severe problems of uncertainty, confusion, and apprehension regarding the appropriateness of purchase-of-service arrangements when the non-profit provider contributes some money either directly or indirectly through a third party, such as a United Way organization.

To eliminate these ambiguities UCPA recommends that all statutory limitations be removed in order to allow non-profit provider agencies to donate funds directly to assist in meeting state match requirements.

CONCLUSION

The Title XX program has been instrumental in creating the momentum for enhanced local service delivery, and as a result millions of individuals have benefited from federally supported social service activities. As a result of federal efforts to date the essential components of a successful system—the staffing, facilities, equipment, clients—are already in place. What is lacking is the assurance that the programs so enthusiastically and effectively begun will have the funding they require to continue.

UCPA AFFILIATE TITLE XX PURCHASE OF SERVICE CONTRACTS: A SELECTED SAMPLE

February 1, 1979

Affiliate	Estimated Amount	Services Provided
	DHEW REGION I	
UCP of Mid-State Maine, Augusta	$39,000	Day care program for children ages 2-5. Services include pre-academic training; social-emotional development; and physical, occupational, and speech therapy.
	$63,000	Comprehensive developmental services program for all age groups including social work, occupational therapy, and psychological service emphasis.
	DHEW REGION II	
UCPA of New York State	$400,000	Homemaker services for 85 former residents of Willowbrook (State institution) who now live in 32 supervised apartments throughout New York City's five boroughs.
	DHEW REGION III	
UCPA of Pittsburgh, Pennsylvania	$113,950	Life skills management and transportation for severely disabled adults.
UCPA of Philadelphia, Pennsylvania	$280,000	Specialized day care program for 40 pre-school age children.
UCP of Lackawanna County, Scranton, Pennsylvania	$246,000	Comprehensive developmental program for severely disabled children and adults.

U.C.P.A. Governmental Activities Office Washington, D.C.

DHEW REGION IV

UCPA of Birmingham, Alabama	$80,000	Comprehensive developmental pre-school program emphasizing physical, speech, and occupational therapy.
	$30,000	Adult activities program.
UCP of East Central Alabama, Anniston	$61,200	Developmental pre-school program for 14 children and adult day care program for 6 adults.
UCP of Gadsen and Northeast Alabama	$50,000	Developmental pre-school program and adult work activities program.
UCP of North Carolina	$272,600	Developmental pre-school program; adult day care program; and home services program including 1) health support, 2) home management maintenance, 3) services to meet special needs, 4) social development services through therapeutic group services, 5) transportation, and 6) caseworker services to enable individuals to remain in/or return to their own homes.

DHEW REGION V

UCP of Columbus-Franklin Counties, Ohio	$400,000	Adult day care program for 200 severely disabled adults.
UCP of Metropolitan Dayton, Ohio	$175,000	Adult day care and related transportation services.
UCP of Cincinnati, Ohio	$175,000	Adult day care and adult work activities programs.
UCPA of Akron, Ohio	$350,000	Comprehensive child and adult day programs including transportation.

DHEW REGION VI

UCP of Texas, Austin	$46,600	Adult day care program.

UCPA of Dallas, Texas	$136,800	Day services to 40 severely mobility impaired adults for the purposes of 1) preventing unnecessary institutionalization, 2) allowing other persons in family the opportunity to work, 3) maintaining whatever physical competencies the individual has, and 4) evaluating the individual both physically and sociologically for placement in Vocational Rehabilitation programs or sheltered workshops.

DHEW REGION VII

UCP of Kansas	$96,000	Physical support services, food services, specialized transportation, and activities of daily living training for 26 severely physically disabled persons who reside in a community living arrangement program.
	$65,000	Work activities program for 15 persons determined by Vocational Rehabilitation too severe for employment oriented services.

DHEW REGION VIII

UCP of the Sioux Empire, Sioux Falls, South Dakota	$2,286	Transportation services for adults.
	$11,505	Pre-vocational training services for severely disabled adults.

DHEW REGION IX

Sample Survey Found None

DHEW REGION X

UCP of Pierce County, Tacoma, Washington	$97,500	Work and social adjustment training for severely disabled adults including activities of daily living training.

OVERVIEW

Affiliates Reporting Title XX Contracts In Sample Survey: 18

Total Number Of UCPA Affiliates: 257

Title XX Contract Support Of Sample Survey Affiliates: $3,191,441

Total 1978 UCPA Affiliate Governmental Income: $48,172,000

Total 1978 UCPA Affiliate Income: $76,201,000

E. Clarke Ross, Director
Governmental Activities Committee
United Cerebral Palsy Associations, Inc.

Fund Cutback Hurts Palsy Victims

(By Stephen Berry of the Dispatch Staff)

Many cerebral palsy victims in the Columbus area will "sit at home and rot" if the Ohio Department of Public Welfare (ODPW) follows through with its plan to cut Franklin County's share of federal Title XX money, a United Cerebral Palsy official says.

Approximately 200 cerebral palsy victims participate daily in adult programs of the United Cerebral Palsy of Columbus and Franklin County Inc. (UCP), 2144 Agler Rd.

But the center faces the dim prospect of trimming its services if the county's share of Title XX money is cut, Eugene Cuticchia, executive director, said.

One client, Jim, 28, works in the center's print shop 2½ days a week making calling cards, graduation announcements, and other notices. He earns $20 to $25 a month.

Jim also learns from instructors how to cope with death, budget his own money, and socialize with others. He is dependent on the center's fleet of 12 leased vans for transportation because he is confined to a wheelchair.

Although Jim can communicate with others, his speech is unintelligible and he has limited use of his hands.

Cuticchia said Jim is lucky, though, because he lives independently with his wife, who has a part-time job. If Title XX money is cut back, other clients might not fare as well.

"I have other clients who, if Title XX is cut, will just sit at home and rot," Cuticchia said.

The ODPW plans to cut the Franklin County Welfare Department's share of Title XX money by about $1.74 million next fiscal year. And, if smaller counties begin spending more Title XX funds, Franklin County's share of the social services money could decline by as much as $5.2 million from its present level.

Of a projected 1977 budget for the adult UCP program of $611,793, a healthy $421,852 is needed from the federal government through Title XX to maintain the program, Cuticchia said. The balance of operating funds comes from the United Way allocation and donations.

"Everyone has a right to work, recreation and self-improvement," Cuticchia said. "We're trying to fill that void in these people's lives."

The center, which has a waiting list, currently serves approximately 200 multi-handicapped persons. The crippling disease is caused by brain or other nervous system damage before birth, at delivery or early in life. While cerebral palsy strikes early, most of its victims live normal life spans, Cuticchia said.

TALK ON SCHOOLS SET

State Sens. Michael Schwarzwalder and Theodore Gray and State Reps. Lawrence Hughes and Mack Pemberton will speak at 8 p.m. Thursday at the Board of Education office, 465 Kingston Ave., Grove City. They will disucss school legislation and school funding.

Most clients, who range in age from 18 to 70, will remain in the program until they die, move out of the community, or perhaps enter a nursing home, Cuticchia said.

Eighty of the 200 clients are confined to wheelchairs and thus depend on the center's vans for all their transportation needs. The vans take them to and from the center, shopping, to health clinics, and other chores such as for banking.

Because of transportation problems and architectural barriers in the community, few of the center's clients ever find jobs, Cuticchia said. Six persons this year got part-time jobs cleaning the center under a maintenance contract Cuticchia negotiated. It was an unusual case.

Cuticchia said a 10 percent cut in Title XX money would mean reducing the 70-member staff by eight persons, for example.

"It's immoral, an injustice to take a client out of his home, give him programs, and then take them away," Cuticchia said. "It's taken us five years to build up clients to where they feel like first class citizens. There are just not enough private dollars to provide the services mandated by the government and needed by our people."

TITLE XX DISASTER

To know what the recently announced cutbacks in Hamilton County's Title XX funding signify, it is almost necessary to know Ed Jones.

Ed is a man in his early 20s confined for life to a wheelchair. He has difficulty speaking, though never thinking or emoting, which is why he cherishes his programs at the United Cerebral Palsy Center. Five days a week Ed takes a course in letter-writing; he checks silk-screened Christmas cards for ink spills, and he swims and bowls. Through the center, he finds some fulfillment in life.

Now, because of unanticipated and enormous cuts in the monies that pay for programs such as these, people like Ed may be abandoned. Less than two weeks ago, state officials announced to local welfare workers that a $2.5 million slashing of the original $6.3 budget for fiscal 1977-78 is virtually irreversible.

Title XX, to recap the complex legislation, is an amendment to the Social Security Act that deals with social services for the aged, blind, disabled and their families. Passed in January 1975, it provides federal dollars for the states according to formula based on population and per capita need (three federal dollars for every one state and local dollar). But—and here's the kicker—it is a reimbursement program. Only after the state has spent the money can it claim reimbursement from the feds.

In the first two years that Title XX money was available in Ohio, Hamilton County tried to establish carefully the needs for various services before committing any dollars. Like much of Ohio, the county did not spend all of the Title XX money immediately available to it.

For fiscal year 1976-77, Hamilton County was allocated $6,263,000. By March of 1977, however, when allocations for the next fiscal year were being set, the county was still perfecting its methods. It knew what it was going to do with the money, but it had not actually committed all of it.

So what happened? State officials looked only at expenditures through March, presumed that Hamilton County was not going to use all of its funding and chopped its future allocation severely.

By the time Hamilton County learned what had happened—on July 1, the first day of the new fiscal year—at least 33 Community Chest agencies and 12 non-Chest agencies had made important funding commitments for the coming year. These commitments were based on the assumption that the new allocation would approximate last year's $6.2 million.

Since July 1, Chest and local community officials have been scrambling to patch up the damage, but without success. Unless something dramatic happens, Ed Jones may well see some of his program cut, and any future Ed Jones may remain locked out.

What hurts the most, according to Community Chest spokesmen, is the size of the local cut—38 percent—when comparable counties in Ohio received little or no cuts. Lucas County (Toledo) lost 13 percent of its funding; Franklin County (Columbus) lost 15.6 percent; Cuyahoga County (Cleveland) lost none. Local agencies have been penalized, it appears, for exercising caution in the expenditure of federal funds.

What will happen? With financial juggling, some prayer and the possibility that other Title XX recipients won't use all the money that is rightfully theirs, Hamilton County may limp through until May. But unless the state reallocates, the county will not fulfill its commitments through June.

In fairness, the state should reallocate right now, and put an end to the uncertainty. If, another year, more of Ohio's 88 counties claim enough so the largest recipients must be cut again, so be it. Foreknowledge will allow time to adjust. This time around, Hamilton County is stranded.

THE EVOLUTION OF PRIVATELY DONATED FUNDS AS SOCIAL SERVICES MATCH

January 28, 1969
Final DHEW Regulations

"(b)(1) Donated private funds for services may be considered as State funds in claiming Federal reimbursement where such funds are:

(i) Transferred to the State or local agency and under its administrative control; and

(ii) Donated on a unrestricted basis (except that funds donated to support a particular kind of activity, e.g., day care, or to support a particular kind of activity in a named community, are acceptable provided the donating organization is not the sponsor or operator of the activity being funded).

(2) Donated private funds for services may not be considered as State funds in claiming Federal reimbursement where such funds are:

(i) Contributed funds which revert to the donor's facility or use.

(ii) Donated funds which are earmarked for a particular individual or for members of a particular organization."

September 11, 1972;
Senators Russell Long (LA)
and Herman Talmadge (GA)
floor debate on Social
Services Ceiling on
P.L. 92-512 Revenue
Sharing Act

Senator Long: "...Some States have even gone so far as to formally appropriate private funds-like UGF, and so forth-so they will qualify for Federal matching money.

Let me explain that last item. Money donated to the United Givers Fund, or what is called in some places the Community Chest would be run through the State or local government for the sole purpose of having it matched with three times as much Federal money. Through this device, the State gets three Federal dollars for every dollar put into it.

Some people who contributed to the United Givers Fund or the Community Chest are in the 70 percent tax bracket. Then the United Givers uses the social services device to multiply the funds 3-to-1. Then, Mr. President, the State agency contracts back to the United Givers Fund to provide the service. So they take the Community Chest money, pass it to the State, then the State picks up Federal matching and gives it back."

February 16, 1973
Proposed DHEW Regulations

"Donated private funds or in-kind contributions may not be considered as the State's share in claiming Federal reimbursement."

Senator Talmadge: "...Is it not true that some States have also gone so far as to formally appropriate private funds, like the United Givers Fund, and so forth, so that they will qualify for Federal matching money?

Senator Long: "...The Senator is correct."

May 1, 1973
Final DHEW Regulations

"(a) Donated private funds for services may be considered as State funds in claiming Federal reimbursement where such funds are:

(1) Transferred to the State or local agency and under its administrative control; and

(2) Donated on an unrestricted basis (except that funds donated to support a particular kind of activity, e.g., day care services, homemaker services, or to support a particular kind of activity in a named community, are acceptable provided the donating organization is not a sponsor or operator of the type of activity being funded).

(b) Donated private funds for services may not be considered as State funds in claiming Federal reimbursement where such funds are:

(1) Contributed funds which revert to the donor's facility or use.

(2) Donated funds which are earmarked for a particular individual or to a particular organization or members thereof."

October 3, 1973;
Section 1130(a)(20)
of S. 2528

"Donated private funds...for services shall be considered as State funds in claiming Federal reimbursement where such funds are transferred to the State or local agency and under its administrative control and are donated on an unrestricted basis (except that funds donated to support a particular kind of activity in a named community shall be acceptable)."

October 3, 1974;
Section 2002(a)(7)(D)
of S. 4082

"No payment may be made under this section to any State with respect to any expenditure...

"(D) which is made from donated private funds, unless such funds-

(i) are transferred to the State and are under its administrative control, and

(ii) are donated to the State without restrictions as to use, other than restrictions as to the services with respect to which the funds are to be used imposed by a donor who is not a sponsor or operator of a program to provide those services, and/or the geographic area in which the services with respect to which the contribution is used are to be provided, and

(iii) do not revert to the donor's facility or use if the donor is other than a nonprofit organization."

P.L. 93-647 Section 2002(a)(7)(D)	June 27, 1975 Final DHEW Regulations	February, 1979 NGA Proposal
Identical to S. 4082 as introduced	"Funds donated from private sources for services or administrative functions may be considered as State funds in claiming FFP only where such funds are: (1) Transferred to the State or local agency and under its administrative control; (2) Donated to the State, without restrictions as to use, other than restrictions as to the services, administration or training with respect to which the funds are to be used imposed by a donor who is not a sponsor or operator of a program to provide those services, or the geographic area in which the services with respect to which the contribution is used are to be provided; and (3) Not used to purchase services from the donor unless the donor is a nonprofit organization or an Indian tribe, and it is an independent decision of the State agency to purchase services from the donor. (b) For purposes of this Part, a voluntary federated fund-raising organization is not considered to be a sponsor or operator of a service facility, and member agencies are considered separate autonomous entities so long as control by interlocking board membership or other means does not exist."	"There should be a change in the current law and a subsequent change in the regulations which will recognize the use of private funds in the delivery of Title XX services and which allows provider nonprofit agencies to directly participate in the donation of funds."

E. Clarke Ross, Director
Governmental Activities Office
United Cerebral Palsy Associations, Inc.

STATEMENT OF DEE EVERITT, ON BEHALF OF THE NATIONAL ASSOCIATION FOR RETARDED CITIZENS

Mrs. EVERITT. Thank you, Mr. Chairman.

My name is Dee Everitt, and I am from Lincoln, Nebr. I am pleased to have this opportunity to testify on behalf of the National Association for Retarded Citizens. I am the parent of a 26-year-old mentally retarded and multiply handicapped daughter who lives in our home and attends a work activity center funded by title XX dollars.

For the benefit of new members, the National Association for Retarded Citizens is a voluntary organization which represents our country's 6 million retarded people. We have 1,900 local units, 50 State units and approximately 300,000 members. NARC's testimony is endorsed by the Epilepsy Foundation of America, the Association of Rehabilitation Facilities as well as the United Cerebral Palsy Associations, Inc. and the National Association of State Mental Retardation Program Directors.

NARC urges passage of legislation which will provide predictable increases in the title XX program over the next several years. We support the position of UCP in this matter.

I would like to point out that a major factor, often overlooked, is that without an increase in title XX moneys, States are unable to maintain sufficient numbers of competent staff in the programs currently being operated under title XX. The quality of staff in title XX programs has declined in many States because of salaries that have been lowered or frozen. The capping of title XX training funds for staff training will also further complicate this problem.

Mr. Chairman, H.R. 2724, as well as the administration's proposal, adds adult emergency shelter as an allowable expenditure under title XX. NARC supports this new program, but only if there is an expansion in funding to $3.2 billion.

Planning and evaluation at the present are not good in many States. It is difficult for States to retain competent planning and evaluation staff, expand management capability, and develop information systems. It presently is done at the expense of direct services.

NARC has recommended that Congress confer with the States, HEW, and appropriate national organizations and jointly develop a specific legislative proposal to insure comprehensive, effective social services, program planning, and evaluation. Such a legislative proposal might include providing States with funds outside the title XX services' ceiling for improving planning and evaluation functions, providing a percentage of any new services, funds, as a set-aside for planning and evaluation, or providing a higher Federal match for these activities.

Title XX training funds have been discussed a great deal today. NARC strongly opposes "capping" of title XX training funds, which is being proposed by the administration. The proposal of 3 percent of the States' title XX services allotment for training of staff appears to be the result of an arbitrary decision made by the administration. Staff training is the key to effective intervention in the complex problems that confront the recipients of social services. Much effort has been expended in the last 2 years by many groups to modify the title XX training regulations to provide more effective and appropriate training programs—however, to date the modified regulations have not been published by HEW.

NARC encourages Congress to make its will known regarding the timely publication of these regulations. If a cap on title XX training becomes necessary, NARC proposes that the ceiling only be imposed after the administration conducts and publishes the result of a study on the effectiveness and or abuses of the training funds. This would enable the Congress, the States, and the general public to make a reasonable determination regarding an appropriate ceiling for such funds.

NARC endorses the concept of permitting biennial planning. We do not support 3-year planning cycles. Three-year planning cycles could result in limited flexibility for the reallocation of funds within States.

NARC endorses a strong, effective citizen participation process in the title XX program, but questions the efficacy of requiring states operating on a 2-year planning cycle to allow for additional public comment on the title XX service plan for a period of at least 45 days immediately preceding the beginning of the second program year.

Without specific language clarifying the purpose of the public review, it could be subject to misinterpretation and result in a meaningless paper exercise or conversely, extensive annual review. Either one could defeat the purpose. NARC recommends the purpose of the review be clarified or removed.

In the area of child welfare services, NARC supports the conversion of title IV-B to a $266 million entitlement program. We specifically endorse H.R. 1291. NARC would like to offer two provisions which would strengthen the bill as it relates to the needs of handicapped children.

First, NARC believes the definition of child welfare services contained in H.R. 1291, which specifically mentions handicapped children, is an important step in the right direction, but requires further expansion, possibly through report language, if it is to be truly responsive to the child welfare services needs of handicapped children.

NARC recommends that language be added which states that child welfare services include services directed toward:

> Preserving, promoting, and strengthening the ability of families to care for their handicapped child at home and preventing or reducing inappropriate institutional care by securing, training, and monitoring foster family care for handicapped children and by providing services to handicapped children in foster family placements.

It is our experience that Federal human service programs are often not made available to mentally retarded and other disabled citizens unless the authorizing statute explicitly expresses their needs.

Our next point relates to payments to foster parents for services. Foster family care is probably the single most appropriate alternative to institutional care for most young, severely handicapped children. Many, if not most, institutional placements could be avoided if carefully recruited and trained foster parents were available to substitute their nurturing for that of the incapacitated natural family.

NARC believes that both the training of foster parents and delivery of in-home services by foster parents should be reimbursable under title IV-B through a purchase-of-service contract, reviewed periodically, between the IV-B State agency and the foster care parents. The principle that qualified foster parents should be paid to deliver specialized services which must be provided to handicapped children in the home setting has already been established by title XX and should now be extended to title IV-B.

NARC strongly supports the elimination of the current requirement in title IV-A that foster care placements be adjudicated.

NARC supports the adoption subsidy program described in H.R. 1291. However, we strongly urge the subcommittee to specifically state that handicapped children residing in institutions and who are legally free for adoption are eligible for the adoption subsidies. We believe explicit statutory language regarding institutionalized children will help insure their eligibility for such subsidies.

[The prepared statement follows:]

STATEMENT OF DEE EVERITT, ON BEHALF OF THE NATIONAL ASSOCIATION FOR RETARDED CITIZENS

Mr. Chairman and Members of the Subcommittee on Public Assistance, I am pleased to have this opportunity to testify before you on behalf of the National Association for Retarded Citizens. As several of you are aware, this is the third year in a row that I personally have testified before the Subcommittee on the Title XX Social Services, Foster Care and Title IV-B Child Welfare programs. You will find my message today to be much the same as in previous years.

I intend to summarize my remarks and request permission for the full text of my written statement to be entered in the record.

For the benefit of the new members of the Subcommittee, I would like to say that the National Association for Retarded Citizens is the national voluntary organization which represents our country's six million mentally retarded citizens. NARC is comprised of 1,900 local units as well as State Associations, and has approximately 300,000 members.

I. TITLE XX

A. Need for predictable, increased funding

NARC urges the passage of legislation which provides for predictable increases in the Title XX program over the next several years. The need for such increases in the Title XX ceiling has been clearly documented over the past several years both by NARC and other national organizations. We feel that a funding level of $3.1 billion in fiscal year 1980 is a minimum acceptable amount since it represents only a modest inflationary increase. This amount will not allow for program expansion or innovation.

Without predictable increases in funding States are unable to plan effectrively for social services. Often, there has been nothing to plan unless it has been how to maintain the status quo or, frequently, which social services programs to cut back or eliminate. Let me give you some examples relative to services for mentally retarded persons.

Since the inception of the Title XX program, Nebraska has received and spent $18 million in Federal Title XX dollars. Of this amount, approximately $5.6 million has supported programs for mentally retarded persons. Over the years, there has been no increase in the amount apportioned for retarded people since the State's efforts have been directed toward maintaining those programs already funded through Title XX. Currently, Nebraska is attempting to deinstitutionalize its mentally retarded individuals but finding it can't be done due to insufficient Title XX funding for those social services necessary to support mentally retarded persons in the community.

In Maine, transportation services for mentally retarded people, formerly provided under the Title XX program, were eliminated as of July 1, 1978. This is a direct result of changing priorities of Maine's Title XX program due to insufficient funding. Maine has also denied use of the group eligibility criteria in order to assure that available Title XX monies go to the most needy. This has resulted in disabled children being eliminated from participation in Title XX programs because their parents earn a few dollars above the income limitations.

Proposals for new Title XX services such as preschool programs for handicapped children are being turned down in Maine. Again, the reason cited is, "no bucks!" This inability to support new services has many devastating effects on the lives of mentally retarded persons and their families. For example, in Maine working mothers with mentally retarded teenagers may find their children "on the street" at 3:00 p.m. when the school programs close. Associations for Retarded Citizens have attempted, through the Title XX program, to implement aftercare programs to care for these children until their mothers arrive home from work but are unable to do so due to lack of funds.

Another major, often forgotten, result of the lack of increases in the Title XX ceiling, is the inability of States to maintain sufficient numbers of competent staff to administer those programs currently operating under Title XX. Not only has the number of personnel operating Title XX programs declined in some States, but the quality of staff has deteriorated as salaries are lowered or frozen. This situation will not be enhanced if training programs for such staff are also cut back or eliminated due to an inappropriate cap being placed on Title XX Training funds.

Mr. Chairman, H.R. 2724, as well as the Administration's proposal, adds adult emergency shelter as an allowable expenditure under Title XX. NARC supports this new program thrust provided there is a corresponding expansion in Title XX funding. Without additional funding above the cost-of-living increase, any new programs developed by States for adult emergency shelter under Title XX will be financed at the expense of current Title XX programs.

NARC recommends that the provision for emergency shelter for adults be included in the Title XX legislation and that the Title XX ceiling for fiscal year 1980 be raised to $3.2 billion to allow for the effect of inflation and some modest program expansion.

B. Planning and evaluation

Another matter of extreme importance to those organizations and individuals concerned about the effectiveness of the Title XX program is the lack of quality planning, management and evaluation of the social services being provided in some States. Other testimony before this Subcommittee[1] pinpointed the disincentives operating in the Title XX program which make it difficult for States to retain competent planning and evaluation staff, expand management capability and develop information systems. Under present circumstances, any serious program planning and evaluation must be done at the expense of services being delivered.

NARC recommends that Congress confer with the States, HEW and appropriate national organizations and jointly develop a specific legislative proposal to ensure comprehensive, effective social services program planning and evaluation. Such a legislative proposal might include providing States with funds outside the Title XX services ceiling for improving planning and evaluation functions, providing a percentage of any new services funds as a set-aside for planning and evaluation, or providing a higher federal match for these activities.

C. Targeting

NARC strongly opposes any targeting of Title XX services funds regardless of the area of special need. While the NARC accepted the rationale of continuing the earmark for child day care services for one additional year anticipating the finalization of the Federal Interagency Day Care standards, the targeting of funds specifically for such services will have served its purpose by fiscal year 1981. States must be given the flexibility to determine how their Title XX allocations will be spent based on the particular needs within their State. The Title XX program was designed to meet the needs of a broad diversity of deserving persons and groups, no one of whom should be singled out at the Federal level for preferential treatment. In addition, targeting of funds often requires separate planning and monitoring processes for such funds and increases the complexities and expenses involved in the administration of the Title XX program. NARC feels it is imperative that the child day care earmark be discontinued as of October 1, 1980 if the integrity of the Title XX program, as it was originally designed, is to be retained.

D. Social services funding for the territories

NARC urges Congress to establish a separate entitlement program outside the Federal Title XX ceiling for the Territories. Currently, the Territories receive an allotment for services from amounts that the States certify at the beginning of their program year they will not need from their allotments. Since most States are, and will continue to be (even with some increase for inflation) at their individual Federal funding ceilings, this has made planning for services impossible in the Territories. Provision should be made to increase the amount authorized by the separate entitlement by the same ratio as the increases in the Federal statutory Title XX ceiling.

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[1] Statement by Jeffrey J. Koshel, Director of Social Services Research, The Urban Institute, Washington, D.C., March 22, 1979.

E. Title XX training funds

NARC strongly opposes the "capping" of Title XX training funds which is being proposed by the Administration. Under the Administration's proposal, a ceiling would be placed on training funds equal to 3 percent of the States' Title XX services allotment. The 3 percent figure appears to be the result of an arbitrary decision within the Administration.

Mr. Chairman, as other witnesses have pointed out, staff training is the key to effective intervention in the complex problems that confront the recipients of social services. During the last two years a great deal of effort has been expended on the part of national voluntary organizations, representatives of providers of social services and officials within the Department of HEW to modify the Title XX training regulations so that more appropriate, effective training programs can be provided in the States. To date, the modified regulations have not been published by HEW. NARC encourages Congress, in report language on the Title XX legislation, to make its will known as regards the timely publication of these improved training regulations.

In addition, should a cap on Title XX training become necessary, NARC proposes that the ceiling only be imposed after the Administration conducts and publishes the results of a study on the effectiveness and/or abuses of the training funds. Such a study would enable the Congress, the States and the general public to make a reasonable determination regarding an appropriate ceiling for such funds.

F. Public participation

NARC believes that citizen participation in the development of the Social Services program is of major importance in the planning process and strongly opposes provisions that would circumvent or intervene in the established citizen participation process of the Title XX program. Therefore, NARC opposes the provision contained in H.R. 2724 and the Administration's bill which mandates the States to consult with local officials in the development of the Title XX Comprehensive Services Program Plan prior to publication of their proposed plan.

Currently, the Title XX program requires each State, as part of its program planning cycle, to develop and publish a proposed Comprehensive Services Program Plan and make this plan available to the public for comment. Equity demands that no portion of the public be singled out for preferential treatment in this planning process.

G. Two-year comprehensive services plans

NARC supports provisions in the Title XX legislation which would allow States to adopt a biennial planning process. An annual planning cycle is often too short and cannot be coordinated with biennial State budget cycles. It is NARC's understanding that the Administration's bill includes a provision permitting States to establish multi-year plans for up to three years. While NARC endorses the concept of permitting biennial planning, we do not support three year planning cycles. Such a provision could result in limited flexibility for the reallocating of funds within States during the three year period.

NARC endorses a strong, effective citizen participation process in the Title XX program but questions the efficacy of requireing States operating on a two year planning cycle to allow for additional public comment on the Title XX services plan for a period of at least forty-five days immediately preceding the beginning of the second program year. NARC urges the Subcommittee to carefully examine the provision in H.R. 2724 which sets forth this requirement. Without specific report language clarifying the scope and purpose of such a public review, this provision could be subject to misinterpretation and result in a meaningless paper exercise or, conversely, an extensive annual review, either of which is inefficient, wasteful and defeats the purpose of allowing States the option of planning and providing social services programs on a two year basis. NARC recommends that the purpose of the provision for additional public comment be clarified, possibly as an oversight mechanism, or that the provision be deleted from the Title XX legislation reported by the Subcommittee.

II. CHILD WELFARE SERVICES

The National Association for Retarded Citizens supports the conversion of Title IV-B to a $266 million entitlement program. We specifically endorse H.R. 1291. This comprehensive piece of legislation is well-conceived and would provide for a necessary refocusing of our nation's child welfare services. NARC believes that the provisions described below would add to the effectiveness of the new IV-B program proposed in H.R. 1291 as it relates to the needs of handicapped children.

A. Definition of child welfare services

NARC believes that the definition of child welfare services contained in H.R. 1291, which specifically mentions handicapped children, is an important step in the right direction but requires further expansion, possibly through report language, if it is to be truly responsive to the child welfare services needs of handicapped children. NARC recommends that language be added which states that Child Welfare Services include services directed toward: "preserving, promoting and strengthening the ability of families to care for their handicapped child at home; and preventing or reducing inappropriate institutional care by securing, training and monitoring foster family care for handicapped children and by providing services to handicapped children in foster family placements."

It is our experience that Federal human services programs are often not made available to mentally retarded and other disabled citizens unless the authorizing statute explicity addresses their needs. In the past, severely handicapped children have too often been routinely referred to State institutions. A properly designed foster care system should have as one of its goals the prevention or reduction of inappropriate institutional placements. Indeed, foster family care is probably the single most appropriate alternative to institutional care for most young severely handicapped children.

B. Payments to foster parents for services

The social and economic pressures which disrupt and sometimes destroy families are often compounded by the presence of a handicapped child. That families of such children are often unable or unwilling any longer to cope is manifest by the continuing demand for institutional care for young disabled children. Many, if not most, of these institutional placements could be avoided if carefully recruited and trained foster parents were available to substitute their nurturing for that of the incapacitated natural family.

To a large extent, the current foster care system has failed the retarded child. Foster care parents of retarded children are often untrained, unable to recognize or begin to meet their special needs. Such children too often do not receive the educational, rehabilitative, health and social services which they require if they are to mature to an independent and productive adulthood. For these children, foster care is a dead-end, leading only to continuing dependency.

Establishing meaningful, effective foster family environments for handicapped children requires careful recruitment and specialized training of foster parents, so that they are equipped to provide their handicapped foster children with the special services they need beyond room, board, supervision and care.

The National Association for Retarded Citizens believes that both the training of foster parents and the delivery of in-home services by foster parents should be reimbursable under Title IV-B, through a purchase-of-service contract, reviewed periodically, between the Title IV-B State agency and the foster care parents. The principle that qualified foster parents should be paid to deliver specialized services which must be provided to handicapped children in the home setting has already been established by Title XX and should now be extended to Title IV-B.

III. VOLUNTARY FOSTER CARE PLACEMENT

NARC strongly supports the elimination of the current requirement in Title IV-A that foster care placements be adjudicated. Given appropriate administrative due process, the involvement of the courts can be both unnecessary and counter-productive.

We also support the provision of adequate preventive services to avoid unnecessary removal from home, and periodic administrative reviews to insure the timely return of children to their own home, or placement in an adoptive home.

IV. ADOPTION SUBSIDIES

NARC supports the adoption subsidy program described in H.R. 1291. We strongly urge the Subcommittee to specifically state that handicapped children residing in institutions who are legally free for adoption are eligible for the adoption subsidies.

There are a significant number of children who are needlessly institutionalized or who continue to reside in foster care settings who are technically available for adoption but who are difficult to place because of a handicapping condition, behavioral problem, age, etc. State agencies should have the ability, supported by Federal funds, to move such children into adoptive homes by providing prospective adoptive parents with the assurance that an adoption subsidy will be available to assist them in meeting the additional expenses of these hard-to-place children. Explicit statutory language regarding institutionalized children will help ensure their eligibility for such subsidies.

Thank you again for the opportunity to present this statement.

STATEMENT OF ROBERT M. GETTINGS, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF STATE MENTAL RETARDATION PROGRAM DIRECTORS, INC.

Mr. CORMAN. Our next witness is Mr. Robert Gettings.

Mr. GETTINGS. My name is Robert M. Gettings, and I am the executive director of the National Association of State Mental Retardation Program Directors.

The membership of our association consists of the designated officials in the 50 States and territories who are directly responsible for the provision of residential and community services to a total of over one-half million mentally retarded children and adults.

Since my colleagues have spoken extensively about title XX amendments I would like to focus my remarks today on the child welfare provisions of the bills before you today.

First, however, I should note that in recent years the States have begun to give strong emphasis to the development of a wide range of residential and daytime alternatives to large publicly operated institutions. And as this has come about, the numbers, scope, and types of Federal assistance programs impacting on mentally retarded clients has grown tremendously. Of particular relevance to the subcommittee's interest is the fact that now roughly 90 percent of all HEW's anticipated expenditures on behalf of mentally retarded citizens this year will come from income maintenance, social services, and medical assistance payments under the various titles of the Social Security Act. I think that is very relevant for us to recognize.

Today I would like to briefly outline some of the steps the subcommittee might take to assist the States that are seeking to develop community-based alternatives to large congregate care facilities for mentally retarded children and adults.

Let me begin by making a few comments on the changes which are proposed in title IV-B of the Social Security Act; that is, the child welfare program.

In hearings before this subcommittee in May 1977 a spokesman for our association expressed support for the general goals of the so-called Foster Care and Adoption Reform Act. Today I am pleased once again to join the many organizations who have come before this subcommittee to express support for such legislation.

While we wholeheartedly support the general purposes of H.R. 1523 and H.R. 1291, we would like to offer several general comments on family care programs for the mentally retarded and suggest some specific approaches to modifying the pending bill so that their aims are compatible with the States' efforts to minimize the need for institutional placement of retarded persons.

There are several recent studies which demonstrate that a growing proportion of children placed in foster homes have physical and/or mental handicaps. Similarly, adoption agencies report that physically and mentally disabled children make up a steadily increasing proportion of their caseloads. Partially in response to the need for a sharply increased number of such placements to meet the States' deinstitutionalization goals and partially due to the past inability of generic child welfare agencies to deal effectively with severely handicapped clients, more and more States in recent years have developed specialized family support and foster placement programs for the mentally retarded.

In my written testimony, Mr. Chairman, I have attempted to outline several examples of such programs, but I will not go into detail because of time constraints. It seems to me that these efforts to provide a stable family living environment for mentally retarded individuals who might otherwise require institutional placement, Mr. Chairman, constitutes one of the most highly encouraging trends in our field.

Within the context of an expanded and revised child welfare authority which aims at strengthening and reinforcing the role of the family unit and improving the quality of foster care placements, Mr. Chairman, the specialized needs of mentally retarded and other severely handicapped individuals needs to be considered.

As presently drafted, the general purposes of H.R. 1523 and H.R. 1291 appear to be broad enough to encompass the specialized family support and foster care service needs of mentally retarded and other severely disabled children. However, because the current language includes only passing reference to this special subpopulation and because administrative responsibility is assigned to the State social service agency, we are deeply concerned that the unique needs of severely handicapped youngsters may be ignored unless there are modifications made in the provisions of the bill.

At this point I would like to outline some of the specific changes we think are warranted.

First, the existing language of section 422(a)(1)(A) of the act should be revised to require that the single State child welfare agency enter into cooperative agreements with other responsible State agencies when such agencies have a statutory or administrative mandate to provide specialized foster care, in-home support and/or adoption services to otherwise eligible handicapped youngsters.

Unless explicit provisions are made in the legislation, as Ms. Everitt has already suggested, it is possible that mentally retarded individuals, and especially those who are most severely handicapped, are unlikely to benefit from this new expanded child welfare program.

This proposed authority should include interagency agreements between the designated state social service agency and the agency or agencies responsible for administering such specialized programs.

We think this is necessary for three reasons: First, it takes cognizance of the various ways in which the States have elected to deliver services to needy children and their families; second, it seems to us fully compatible with the present purchase of service arrangements under title XX of the Social Security Act; and finally, it recognizes the complexities involved in delivering family support and foster care services to children with various needs.

The second change we would like to see in the bill is that the revised language of title IV-B make it clear that services to severely handicapped persons and their families is one of the statutory goals of the expanded child welfare program under title IV-B. Past experience with Federal legislation indicates to us that human service programs frequently are not made available to severely handicapped persons unless explicit provisions are incorporated in the basic statutory authority.

Third, we feel the amended legislation should encourage States to establish foster care and family subsidy rates which can be adjusted to the intensity of the child's needs. The capability of maintaining a severely handicapped person in a natural or foster home is often contingent on the availability of specially trained parents who are able to supplement and reinforce the developmental skills acquired outside the home. Without a supportive home environment, the only alternative for these children would be placement in a large institutional setting.

States, such as Michigan and New York have demonstrated that the key to recruiting and retaining the types of foster families who are capable of caring for severely handicapped youngsters is often a monthly rate which is somewhat higher than the comparable rate for care of nonhandicapped children. Linked to this higher payment rate must be an explicit commitment, as part of the child's written individual plan of care, that training in specified self-help and socialization skills will be provided in the home.

Similarly, the experiences of Washington, Pennsylvania, and Minnesota demonstrate that the demand for out-of-home placement of severely handicapped children can be significantly reduced if parents are furnished with supportive services to help them cope with the unique demands of raising such a child. However, here again, the types and intensity of services must be adapted to the needs of the particular child and family, which suggests that the operation of the program must be flexible along with the subsidy rates.

There is an established precedent under title XX for considering the cost of services, above the basic foster care payment, as a reimbursable expense [section 202(a)(11)(B) of the Social Security Act]. We recommend that the subcommittee include a comparable provision in title IV-B, making it clear that the same essential safeguards against abuse contained in HEW's final social services regulations, dated January 31, 1977, should be applied to this new provision.

Finally, we think the Congress should give some attention, at least in an experimental way, to making eligible for the title IV-B program SSI eligible blind and disabled adults who require foster family care services. We have seen from the experiences of any number of States that foster family care for adults who are severely disabled can serve as a very viable alternative to institutionalization. We think that some of the same reasons that have led States to place children in such settings apply also to severely handicapped adults.

Let me just conclude by saying, Mr. Chairman, that while time has not permitted me to make any comments about the title XX proposals before the subcommittee today, I fully endorse the comments made by my colleagues about the need for an increase in the title XX expenditure ceiling and the avoidance of a cap on title XX training funds.

Thank you very much for listening to me today.

[The prepared statement follows:]

STATEMENT OF ROBERT M. GETTINGS, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF STATE MENTAL RETARDATION PROGRAM DIRECTORS, INC.

Mr. Chairman, and distinguished members of the Subcommittee, I appreciate this opportunity to appear before you to present the views of the National Association of State Mental Retardation Program Directors on legislation to amend the statutory authority for the federal/state social services program (Title XX), and the child welfare services program (Title IV-B).

The membership of our Association consists of the designated officials in the fifty states and territories who are directly responsible for the provision of residential and community services to a total of over one-half million mentally retarded children and adults. As a result, we have a vital stake in a variety of federal health, education and social welfare programs. In recent years, as states have begun to emphasize the development of a wide range of residential and daytime alternatives to large, publicly-operated institutions, the number, scope and complexity of federal assistance programs impacting on state mental retardation agencies has increased tremendously. Of particular relevance to the Subcommittee's interests is the fact that roughly 90 percent of HEW's anticipated expenditures on behalf of mentally retarded citizens in the current fiscal year will be obligated for income maintenance, social service and medical assistance payments, authorized under the various titles of the Social Security Act.

This morning, I would like to discuss several critical problems facing state mental retardation officials as they attempt to appropriately utilize existing federal resources. In addition, I plan to briefly outline some of the steps which this Subcommittee might take to assist states which are seeking to develop community-based alternatives to large, congregate care facilities for mentally retarded children and adults.

A. CHILD WELFARE SERVICES

In 1977, through the forthright leadership of this Subcommittee, the House of Representatives passed a bill (H.R. 7200) which would have increased federal financial support under Title IV-B of the Social Security Act and, simultaneously, modified the provisions of the Social Security Act in order to minimize the number and length of placements in foster care settings. Unfortunately, the Senate did not act on its version of the bill until late in 1978, and it was not possible to reconcile the differences between the House and Senate bills before the 95th Congress adjourned last October.

In hearings before this Subcommittee in May, 1977, a spokesman for our Association expressed support for the general goals of the so-called "Foster Care and Adoption Reform Act. Now that the chief sponsor of the 1977 bill, Congressman George Miller (D-Calif.), and Congressman William Brodhead, a member of this Subcommittee, have introduced bills (H.R. 1523 and H.R. 1291 respectively) to accomplish similar goals, we are pleased, once again, to lend our voice to the numerous organizations who have expressed support for this legislation.

We understand that the Carter Administration plans to submit its own version of legislation to expand and improve the federal-state child welfare program, with particular emphasis on foster care and adoption reforms. Since only a brief description of the aims of the Administration's proposal was available prior to this hearing, our comments today, of necessity, will focus mainly on the Miller and Brodhead bills.

While we wholeheartedly support the general purposes of H.R. 1523 and H.R. 1291, we would like to offer several general comments on family care programs for the mentally retarded and suggest some specific approaches to modifying the pending bills so they are compatible with the states' aim of minimizing the need to institutionalize retarded persons.

Several recent studies indicate that a growing proportion of children placed in foster homes have a physical and/or mental handicap. Similarly, adoption agencies report that physically and mentally disabled children make up a steadily increasing proportion of their caseloads. Partially in response to the need for a sharply increased number of such placements to meet the states' deinstitutionalization goals and partially due to the past inability of generic child welfare agencies to deal effectively with severely handicapped clients, more and more states in recent years have developed specialized family support and foster placement programs for the mentally retarded. A couple of examples will help to illustrate the range and scope of activities currently underway in the states to prevent institutionalization:

The New York Office of Mental Retardation and Developmental Disabilities is currently in the process of reducing the number of mentally retarded residents in state-operated institutions from 19,000 to 10,000 over a six year period. Part of the plan calls for increasing the number of children and adults in the Department's Family Care Program by approximately 3,500 persons.

The Michigan Department of Mental Health currently has over 600 mentally retarded clients in Foster Family Training Homes across the state. These homes are specially adapted to the needs of severely and profoundly retarded persons, all of whom have either previously resided in a state institution or would require such care if this less restrictive living alternative were unavailable.

In Pennsylvania the Office of Mental Retardation's Family Resource Service Program provides a comprehensive array of services to assist families to maintain their retarded child at home. Among the services provided are respite care, baby sitter and homemaker services, recreation programs for the retarded, transportation, in-home therapy and parent training and counseling.

Washington State has recently launched a Home Aid Program which is similar in many respects to the Pennsylvania Family Resource Service Program. Physical, occupational and recreational therapy, transportation and in-home care on an emergency or respite basis are all provided.

In 1975, the Minnesota Legislature created the Mental Retardation-Family Subsidy Program, a three year experimental program to subsidize fifty families caring for their mentally retarded children in a natural or adoptive home. The results of an evaluation of the program indicate that it has been highly successful; plans are now underway to convert it into a permanent program and expand the available resources. A somewhat similar program was recently initiated in Florida.

These and similar efforts in other states to provide stable family living environments for mentally retarded individuals who might otherwise require institutional placement constitute a highly encouraging trend in our field. Within the context of an expanded and revised child welfare program, which aims at strengthening and reinforcing the role of the family unit and improving the quality of foster care placements, the specialized needs of the mentally retarded and other severely handicapped individuals need to be considered. As presently drafted, the general purposes of H.R. 1523 and H.R. 1291 appear to be broad enough to encompass the specialized family support and foster care services required by mentally retarded and other severely disabled children. However, because the current language includes only passing reference to this special sub-population and because administrative responsibility is assigned to the state social service/welfare agency, we are deeply concerned that the unique needs of severely handicapped youngsters may be ignored unless modifications are made in the provisions of the bill. In particular, we recommend that H.R. 1523 and H.R. 1291 be amended in the following manner:

1. The existing language of Section 422(a)(1)(A) of the Act should be revised to require that the single state agency enter into cooperative agreements with other responsible state agencies when such agencies have a statutory or administrative mandate to provide specialized foster care, in-home support and/or adoption services to otherwise eligible handicapped youngsters. In many states, responsibility for furnishing specialized family support and foster care services to mentally retarded persons rests with the state mental retardation agency. Unless explicit provision is made in the legislation for such interagency agreements, mentally retarded individuals—especially those with severe handicapping conditions—are likely to be excluded from the benefits of increased federal support for child welfare services. Not only would retarded persons and their families be denied access to much needed services, but a major opportunity to reduce the demand for institutional care would be missed.

This proposed authority for interagency agreements should permit the designated state social services agency to enter into purchase of service arrangements with state agencies responsible for delivering foster care, family support and adoption services to handicapped children. Such an approach would: (a) take cognizance of the various ways in the which the states have elected to deliver such services to needy children and their families; (b) be fully compatible with the present purchase of service arrangements authorized under Title XX of the Social Security Act; and (c) recognize the complexities involved in delivering family support and foster care services to children with various needs. On the latter point, we should point out that it is absolutely essential that services to support clients in foster family homes are coordinated with the provision of required daytime, habilitative programs, transportation and other support services. This is the primary reason why more and more states are electing to administer specialized foster care and family support services through mental retardation agencies.

2. The revised Title IV-B language should make it clear that services to severely handicapped persons and their families is one of the statutory goals of the expanded child welfare program. Past experience with federal legislation indicates to us that human service programs frequently are not made available to severely handicapped persons unless explicit provisions are incorporated in the basic statutory authority. For this reason, we urge members of the Subcommittee to critically examine the provisions of existing law and proposed amendments to assure that services to the mentally retarded and other severely handicapped individuals are allowable under the expanded child welfare authority.

In particular, we urge the Subcommittee to:

a. Add a new sub-paragraph to Section 1(b) of H.R. 1523 in order to recognize as one of the stated purposes of the legislation the need to minimize placement of physically and mentally handicapped children in large institutions through the provision of family support, foster care and/or adoption services;

b. Amend the proposed new definition of "child welfare services," contained in Section 101(c) of H.R. 1523 (Sec. 2(c) of H.R. 1291), by revising the language to read: "including mentally and physically handicapped, . . ."; and adding a subsection 7 to this same section which should read: "minimizing the need for placing mentally and physically handicapped children in large institutions through the provision of family support, foster care and/or adoption services."

3. The amended legislation should encourage states to establish foster care and family subsidy rates which can be adjusted to the intensity of the child's needs. The capability of maintaining a severely handicapped person in a natural or foster home is often contingent on the availability of specially trained parents who are able to supplement and reinforce the developmental skills acquired outside the home. Without a supportive home environment, the only alternative for these children would be placement in an institutional setting.

States such as Michigan and New York have demonstrated that the key to recruiting and retaining the types of foster families who are capable of caring for severely handicapped youngsters is to offer a monthly rate which is somewhat higher than the comparable rate for care of non-handicapped children. Linked to this higher payment rate must be an explicit commitment, as part of the child's written individual plan of care, that training in specified self-help and socialization skills will be provided in the home.

Similarly, the experiences of Washington, Pennsylvania and Minnesota demonstrate that the demand for out-of-home placement of severely handicapped children can be significantly reduced if parents are furnished with supportive services to help them cope with the unique demands of raising such a child. However, here again, the types and intensity of services must be adapted to the needs of the particular child and family, which requires considerable flexibility in program operations and subsidy rates.

There is an established precedent under Title XX for considering the cost of services, above the basic foster care payment, as a reimbursable expense (Section 202(a)(11)(B) of the Social Security Act). We recommend that the Subcommittee include a comparable provision in Title IV-B, making it clear that the same essential safeguards against abuse contained in HEW's final social services regulations, dated January 31, 1977, should be applied to this new provision.

4. Congress should permit Title IV-B funds to be used on behalf of SSI eligible blind and disabled adults who require foster family care. The same rationale used to justify the provision of child welfare services to neglected, dependent and abused children also applies to developmentally disabled adults who require a structured living environment in order to reside in the community. As many states have proven, the foster family home is one viable alternative for serving such socially dependent adults.

The Association believes that the IV-B definition of an eligible client should be expanded to include SSI eligible blind and disabled adults who, due to the nature of their physical and mental handicaps, require placement in a foster family home.

B. SOCIAL SERVICES

Last year, largely as a result of the leadership provided in this Subcommittee, the House approved a three-staged increase in the Title XX spending ceiling (i.e., $2.9 in fiscal year 1979; $3.15 billion in fiscal year 1980; and $3.45 in fiscal year 1981). Testimony presented during last year's hearings demonstrated that these modest increases would barely permit the states to keep pace with the inflationary costs which have occurred since the original $2.5 billion ceiling was established in 1974.

Despite ample justification for an adjustment in the spending ceiling, the Senate elected to approve only a temporary, one-year increase to $2.9 billion. As a result, unless Congress acts this session, the ceiling will revert to $2.5 billion in FY 1980.

Title XX has been used in many states to provide a variety of needed community services for mentally retarded persons, ranging from protective services, day care and foster care to transportation and recreation. However, the demand for such service funds far exceeds Title XX resources.

Some states have relied heavily on Title XX funding for their community-based mental retardation services, while others have had less luck in getting a fair shake from Title XX for their MR population. In both circumstances, however, it has been reported that reaching the entitlement ceiling has had a major detrimental effect on existing services. A few case examples will illustrate the impact the lid on Title XX spending is having on state mental retardation programs:

In California, less than $10 million in Title XX funds—or roughly 4 percent of the state's total allotment—goes to the state agency administering services for developmentally disabled persons. Prior to the enactment of Title XX, California had used Social Services funds, authorized under Title IV and XVI of the Social Security Act, to support a wide variety of special services to developmentally disabled children and adults. However, once Title XX was put into place, carrying with it a lid that California hit almost immediately, federal social services funding was diverted into special services for other populations. County welfare agencies now provide few special services for developmentally disabled children.

During the early years of this decade, federal social services monies played a key role in the establishment in Nebraska of one of the Nation's finest community-based programs for mentally retarded persons. In fiscal year 1974, Nebraska expended close to fifty percent of its state Title XX allotment on mental retardation services. As a result, there was a rapid expansion of services, which topped out in 1975 when the state hit its ceiling. As other groups accessed Title XX, the mental retardation share gradually slipped to 35 percent. At the same time, local funding reached its limit, leaving state general fund appropriations as the only source of revenue for continuing the development of community mental retardation programs. These state funds have been used mainly to keep up with inflation and, consequently, there has been very limited expansion for the past two fiscal years.

The role of Title XX funding in deinstitutionalization and in preventing the institutionalization of mentally retarded persons is dramatically illustrated in the State of Louisiana. In recent years, new requests for admission into institutions for the retarded has dropped from 135 per month to a mere 21 per month. The major cause for this drop is the Title XX-supported day development centers across the state. These community-based centers provide early intervention, adult activities and other services to 1500 severely and profoundly retarded persons who live at home.

Under the circumstances, the Association strongly supports increasing the ceiling on Title XX outlays in fiscal year 1980 to $3.1 billion, as provided for in H.R. 2469 (Stark). This modest increase strikes us as both prudent and well-justified, even in a period where there is great pressure to restrict federal expenditures.

One feature of the current legislation which our Association would like to see discontinued is the special earmarked funds ($200 million) for day care services. This temporary provision was added to the Act in 1975 as a means of helping the states to up-grade staffing patterns in day care centers for children from low income families. At the time Congress recognized that such a special earmark violated the non-categorical premise upon which the 1974 legislation was based, but felt that such action was necessary to respond to an immediate, pressing problem. Four years have passed and the earmark has been extended on several occasions.

We believe the initial justification for the special earmark no longer applies and it is time that it was eliminated. After all, should child day care services be a high priority service need in any given state, there is nothing to prevent state officials from emphasizing this service in its CASP plan.

Finally, the Association opposes the Administration's plan to place a three percent cap on social services training funds. Based on the reports we have received, it appears that the states have used these training funds quite effectively to expand

and improve programs in mentally retarded and other developmentally disabled clients who are eligible recipients of Title XX-funded services. Further, a statutory ceiling on training expenditures does not seem warranted, given the modest growth in training outlays which has occurred over the past few years. In our opinion, any questionable uses of training funds could be controlled more effectively through clearer federal policies and improved program monitoring.

We appreciate this opportunity to share the Association's views with the Subcommittee. Your past efforts to eliminate barriers to the full participation of mentally retarded citizens in our society are deeply appreciated by the Association's members. For our part, we pledge our full support and cooperation as you consider the important legislation before you this year.

Mr. CORMAN. If you have an adult who is eligible for SSI and a family willing to take him in and assume responsibility for him, what happens to the basic SSI allotment?

Mr. GETTINGS. Basically the SSI payment is used as the first increment in building a funding system for that client. In most instances what we have found in states which have developed specialized program for severely handicapped children——

Mr. CORMAN. I am referring to adults and not children.

Mr. GETTINGS. Yes, I am speaking of adults now. We have found it is necessary to have a payment higher than the basic Federal SSI payment, even when it is supplemented by a state supplemental payment. So basically what has happened in states like Michigan is that the State is putting up pure State dollars above and beyond the SSI payment and the supplement, Mr. Chairman, to make it possible to maintain the severely handicapped individual in such settings.

So to answer your question specifically, the SSI payment really is the basis upon which the overall cost of maintaining an adult in that setting is made possible.

Mr. CORMAN. Thank you. I am trying to figure out what additional funds there would be if we did not consider that they were foster parents.

Mr. GETTINGS. Let me give you an example, Mr. Chairman. If we looked at the program of specialized foster family training homes in the State of Michigan, the State at the current time, through pure State dollars puts up a payment over and above the basic foster payment. Now the purpose of that payment is that there is a commitment made on the part of the foster family to provide some specific skill training in the home for that adult as well as specific training in socialization skills for that adult. This additional payment, in the way I view it, could come out of the increased title IV-B Federal payment if we were entitled to cover adults under the program.

Mr. CORMAN. I understand. Thank you very much. You have been very helpful. We appreciate your testimony.

Our next witness is Dr. Norma Bork, Napa County, Calif.

Mr. BANKSTON. Mr. Chairman, may I leave these documents in support of the comments I made about United Cerebral Palsy of Dayton which are not in our prepared statement?

Mr. CORMAN. Is it your desire to include those in the record?

Mr. BANKSTON. Yes, it is.

Mr. CORMAN. They will be.

[The documents follow:]

[From the Journal Herald, Sept. 3, 1978]

LOCAL AGENCIES HAVE FUNDS CUT

These are the social service agencies whose funds are being cut:
Children Services Board—requested $1.9 million for the next three quarters, will get $310,000.
Dayton Board of Education—requested $15,000, will get $12,000.
Catholic Social Services—requested $32,000, will get $15,000.
Dayton housing program—requested $97,000, will get $50,000.
Home Health Aide—requested $13,500, will get $10,000.
Legal Aid—requested $68,000, will get $41,000.
Mobile Meals—requested $57,000, will get $22,000.
Montgomery County Community Action Agency—requested $221,000, will get $149,000.
Planned Parenthood—requested $118,000, will get $90,000.
United Cerebral Palsy—requested $200,000, will get $50,000.
Information and Referral—requested $160,000, will get $84,000.
Senior Citizens—requested $151,000, will get $85,000.

[From the Journal Herald, Sept. 30, 1978]

SOCIAL SERVICES FACE DRASTIC CUTS

(By Joe Dirck of the Journal Herald Staff)

Some social service agencies in Montgomery County face drastic cuts in federal assistance payments because much of this year's allocation must go to pay last year's bills.

That's because the county and the agencies didn't get their bills in to the state on time to be reimbursed from last year's allocation.

The county was allocated $2.94 million in federal "Title XX" social service funds for fiscal year 1978-79, which ended last June 30, a state welfare official said yesterday.

But after bills left over from fiscal year 1977-78 are paid, there will be only $918,000 of the Health, Education and Welfare Department funds left for the remaining three quarters of this year, according to the county welfare department's figures.

The county welfare and social services advisory board yesterday reduced allocations of the money to 15 local agencies which receive the federal payments.

The funds are given to the agencies on a contract basis to provide services to welfare recipients.

Funds for three agencies—Boys Clubs, Family Services and Sunrise Center transportation service—were dropped altogether.

The other 12 agencies had their funds requests slashed, the most severe being the allocation to the Children Services Board. It had requested $1.9 million for the next three quarters, but now will receive $310,000.

The problem resulted from the county welfare department's failure to submit bills to the state welfare department, which administers those funds, in time to be paid before last year's books were closed July 31, officials said.

But the agencies themselves must share the blame for "a lack of timely reporting" of expenditures to the county department, according to a welfare staff report presented to the advisory board.

Under federal rules governing allocation of the money, the county must submit monthly reports of expenditures to the state. The state, however, received no reports from Montgomery County for May and June.

Vijay Jains, deputy director for administrative support at the state welfare department, said that because the county submitted only 10 months' worth of expenses for last year, it must pay for 14 months' costs from this year's allocation.

"We don't want to be hard-nosed—we want to help the counties if we can, but we have federal regulations we must follow," Jains said.

Adding to the confusion is a discrepancy over how much money the county actually spent last year, according to Richard Davis, management analyst for the county welfare department.

State records show the county spent $1.9 million of the federal funds in 1977-78, while the county claims it actually spent about $1 million more, for which it wants to be reimbursed.

County welfare officials have scheduled a meeting with Jains in Columbus Oct. 10 to clear up the discrepancy.

Each local agency must submit up-to-date bills to the county by that date, and reports will be required monthly from then on, the advisory board decreed yesterday.

Davis said the monthly reporting requirement has not been stringently enforced previously because money has never been a problem. In past years, the county has never been able to spend all the funds allocated to it.

But last year, he said, cuts in allocations to large, metropolitan counties such as Montgomery were made so the available money could be more equitably spread among smaller, rural counties.

Children Services has been the chief culprit in tardy reporting, welfare officials said, primarily because it receives the largest amount of money—roughly 60 percent of the county's total allocation of these federal funds.

The budget slash ordered by the advisory board yesterday will be a severe hardship for the agency, according to acting director Alberta Lewis.

"We will have to reduce our service drastically," she said. "But as far as the exact degree (of the reduction), we'll have to look at it first."

The agency is legally mandated to provide services in such areas as child abuse and neglect, Ms. Lewis said. While none of its existing programs will be eliminated, the time it takes to respond to some complaints may lengthen.

As a county agency, Children Services may be forced to ask the county commission for additional operating money, "but I understand funds there are limited too," she said.

Ms. Lewis said the large amount of money her agency receives makes it particularly difficult to report expenditures promptly.

"It's nowhere near as simple for us as it is for an agency that's only receiving $10,000 or $15,000," she said.

Welfare officials said the allocations were based on the needs of each agency. Cuts were more severe in areas where other agencies may provide similar services.

Pending congressional legislation, if approved, could provide another $20 million in federal social service funds to Ohio. Jains said part of that money could be allocated to Montgomery County to ease the pinch.

Until that happens, however, the county welfare department will operate on the assumption that no more money will be available for this fiscal year.

Mr. CORMAN. Our next witness is Dr. Norma Bork, Napa County, Calif.

STATEMENT OF NORMA BORK, PH. D., NAPA COUNTY, CALIF.

Ms. BORK. Thank you, Mr. Chairman.

Mr. CORMAN. Ms. Bork, we are pleased to welcome you. You may present a more detailed statement for the record and summarize your statement. Your complete statement will be placed in the record.

Ms. BORK. Mr. Chairman and members of the committee, thank you. Mr. Chairman, I would like to place that statement in the record.

Mr. Chairman and members of the committee, my name is Norma Bork. Presently I am a consultant for speech, language, and hearing problems for the North Bay Regional Center, which is located in Napa, Calif. The North Bay Regional Center is a California State agency charged with the planning and provision of services for the developmentally delayed. It serves a three-county area of northern California. For the last 25 years, as a speech and hearing clinician, as an administrator of hospital and community clinics, as a college professor of speech pathology and audiology, I have been intimately involved with the concerns and problems of handicapped children and with the life needs of the handicapped of all ages. And it is in that capacity that I want to speak today.

However, for the past 2 years I have had the additional perspective of a candidate for Congress from the Second District of California.

While my district has more than its share of physical beauty—the vineyards and the redwoods of northern California—it also has more than it needs of problems. And some of the problems alluded to in this committee were discussed with me many times during the course of my 22 months of campaigning.

My comments today will reflect, I hope, the concerns of many people in my district who talked to me about foster day care and they will be tempered by my professional experience and judgment as well.

First, Mr. Chairman, I would like to take a moment to commend the committee as a whole for its perception of the serious problems facing foster care in the Nation. I am particularly pleased that California representatives were among the first to call national attention to these problems and to design legislation to remedy the situation.

My comments today will relate portions of the bills under consideration to the needs of foster day care for the handicapped of our area with whom I am familiar and with whom I work.

Several hundred persons with serious language problems such as aphasia; with severe hearing problems; or with learning problems or mental impairment are living in foster homes in the 3 counties I represent. The quality of much of that care, even in a State that prides itself on its social humaneness, approaches a disgrace.

I wish that you could see some of these placements. I know you would hurt, as I do, with the helpless people involved. The problems we face are many and they are difficult to solve.

The first problem, which is also the most frustrating, is the fact that there are not enough suitable homes available. As a consequence, too often substandard homes are used simply because there is no alternative.

Children or adults with handicapping conditions demand work beyond that usually expected for proprieters of homes offering foster day care. Fewer and fewer people are willing or able to give that kind of care for the income available.

Second, there are costly and sometimes complicated structural modifications often needed. These modifications are often impossible to achieve under present limitations even when we do find homes that would be available.

And third, caretaker training is badly needed. Sign language, for instance, is sometimes needed. Often we have severely handicapped individuals who could be placed if the caretakers could be taught to communicate by signing. Sign language could make the difference between whether or not people can provide care for a number of our clients.

Stimulation techniques for handicapped infants is another needed training area; nutrition guidance for special needs; physical therapy guidance; medical alertness and many other skills are frequently required for adequate foster day care.

For these reasons, and others, I urge the committee to enact several of the provisions of H.R. 2724.

First, although I am not sure of all the ramifications of making the $200 million available on a permanent basis, I can only believe that this would give needed stability to the foster day care system.

I am strongly in favor of making it possible to use the WIN tax credit for hiring welfare recipients as child care workers. I think it is a good idea.

For instance, we have in our district a large unemployment problem. We also have a serious need for child care. It seems that coupling these two conditions might bring a partial solution to each problem: bringing people who need work into a market where workers are needed badly. I urge you to adopt the WIN tax credit provision.

The second problem mentioned above is the significant amount of extra work required for foster day care for the handicapped. The provision of homemaker, home health aide services to adults and children and families could, I believe, help us in finding suitable placement by providing some respite for those persons willing to take the handicapped.

Third, the need for training for day care operators, particularly for those caring for the deaf, the language handicapped and the mentally retarded, is a serious one. I urge you to take whatever steps necessary to keep training allocations at the highest possible level.

In conclusion, I would like to say that my comments, while not buttressed with reams of facts and figures, do represent a real need mentioned to me by many constituents in the district. It also represents a need that I have seen and struggled with professionally.

I firmly believe that these problems result in a lower quality of life care for these unfortunate people than is really necessary, and that they are problems we can begin to correct.

Once again I would like to commend you Mr. Chairman and thank you for your interest and concern in this regard.

Mr. **Corman**. Thank you very much. We appreciate your testimony.

Our next panel is Dorothy Daly, on behalf of the Council on Social Work Education; Jack Moskowitz, vice president, Government Relations, United Way of America. We welcome the two of you to the subcommittee this afternoon.

STATEMENT OF DOROTHY BIRD DALY, ON BEHALF OF THE COUNCIL ON SOCIAL WORK EDUCATION

Ms. **Daly**. Good afternoon, Mr. Corman, and thank you for the opportunity to present the testimony on behalf of the Council on Social Work Education.

I am Dorothy Bird Daly, associate director for social services of the National Conference of Catholic Charities, and former dean of the School of Social Work, and professor emeritus of Catholic University.

I am presenting this testimony today in my role as the president of the Council on Social Work Education.

The Council on Social Work Education is a membership organization whose institutional members consist of the graduate schools of social work, the undergraduate departments of social work, and the agencies who are concerned with and make use of the product of the educational system in social work.

Our remarks will today be directed primarily to those aspects of the legislation under discussion that have to do with training, but I would like to preface my remarks by indicating our general support for the amendments that have been proposed, particularly the increased ceiling for the social services program such as has been suggested by this subcommittee in its recommendations to the House Budget Committee.

There is certainly a clear need in our opinion for an expanded Federal financial commitment to the delivery of social services. And a $3.1 billion program is a reasonable one, given the clear need for expanded services to families, to children, to youths, to the aged, and to the handicapped that have been financed and will continue to be financed under title XX.

We also generally endorse the expanded support for child welfare services, which have received very little Federal support over the years. As you are well aware, there is an acute need for improved services in the foster care and adoption area, as well as in the field of protective services, for children; and services to prevent foster care placements, and maintain children in their natural family settings.

We are concerned with education because of our concern for the quality of services which are available to people in need of them in this country.

I would like, before getting into our consideration of the training, I would like to mention something that has been obliquely referred to throughout the testimony today by a great many people, but not expressed or attention directed to it in any direct fashion. And that is, the importance, if we are to have effective and efficient service delivery, the importance to have highly qualified personnel in delivering those services.

The President's Committee on Government Reorganization in a Subcommittee on Data Processing reported what they considered to be a shocking finding. This committee was composed of management system experts, not social workers or social service administrators. And what they found is a shocking condition in the human services field, particularly the social services—what they found was very, very poorly qualified personnel engaged at the most important spot in the human services system—the point of interface with the client. And they said there could be little done to improve the management system and to make use of automatic data processing in order to improve that management if the proper information was not available to be fed into the system in the first place.

Their first recommendation was that something be done about the quality of the personnel that was delivering the services.

Recently, in one of the reported severe cases of child neglect, in which one child died and another child was severely injured in a home where the mother was not inherently evil, or intentionally destructive to the children, but was both retarded and emotionally disturbed—it was a case that was known to the State system and had been reported as a case of neglect. The worker responsible for it had not completed the seventh grade of education.

The deterioration in personnel standards in State public services systems over the past 10 years has been one of great concern to us. I think it should be of concern to this committee.

We do not believe——

Mr. **Corman**. May I interrupt to ask a question? I want to be fair with the States in providing training money, but I must say we cannot provide Federal funds to correct the educational needs of social workers who have gone only to the seventh grade.

Mrs. **Daly**. That is the point I am trying to make. Our point is that to hire unqualified people, and then to spend millions to upgrade them after they are employed, is wasteful particularly when there are available people that we are producing from the graduate and undergraduate schools of social work, Mr. Chairman, as well as other people who are being trained in early childhood education and the other disciplines needed in the range of title XX services. Mr. Chairman, these should be employed for the provision of services to vulnerable, needy persons.

You have the Inter-Governmental Personnel Act that Congress passed and which governs programs in States administering grant-in-aid programs. They are required under the intergovernmental services system to hire the most qualified available people. But these standards are not being enforced by HEW or CSC.

I do not think you need to do anything more than to put into your report, and make the recommendation to HEW, that they reestablish some guides, some standards to the States that will encourage them to make use of the properly qualified personnel to deliver the services.

I was trying to make the very point of your question. I think it a waste to hire unqualified people and then try to train them on the job.

Mr. **Corman**. Thank you.

Mrs. **Daly**. Now, on the training. We want to say two things: First, we want to speak to the Administration's proposal to put a ceiling on training expenditures that are presently financed on a matching basis with the Federal Government providing $3 to match every $1 of State expenditure. The ceiling proposed by the administration would preserve the separate training authorization, but would limit the training program in each State to 3 percent of the social service budget of the State.

While training funding clearly has some relationship, a direct relationship to social service funding, a 3-percent ceiling would be harmful.

Some 30 states already exceed 3 percent of their social service expenditures for training.

In June of last year, 14 States exceeded 4 percent, and 10 states exceeded 5 percent of their service budget for training.

We believe that the problem is much more one with regard to the quality of training and educational activities than it is in regard to fixed quantitative ceilings. The way the title XX training program currently operates is, there is no requirement that a State develop or submit to HEW a plan dealing with its manpower needs and programs. HEW is not required to approve whatever plans a State may develop.

We believe that a carefully designed state plan requirement similar to the service plan requirement, without burdensome paperwork on the states, could improve management for this program and the quality of training and education. With such a provision, it is our belief that the training budget would remain under reasonable controls and yet be responsive to the increased training needs which we have indicated exist.

We would support that the training plan be kept parallel with the services plan. And if you approve a 2-year services plan, that you institute a 2-year training plan to accompany it.

One other point is that title XX presently has provisions for both a State social service plan and a State planning process. We would recommend that the State planning process required by section 2004, Mr. Chairman, include a new provision related to training.

That provision should require a description by the State of: first, the needs for how many personnel, and with what knowledge and skill, should be employed in order to carry out that responsibility; what proportion of those are available; and what proportion need to be upgraded or trained in order to meet the needs.

The plan should also state very clearly the relevance of such training needs to the title XX program and the training programs intended to meet those needs.

Fourth, where appropriate, criteria for selection of those to be trained and the training institutions utilized.

Fifth, the source and amounts of resources necessary to carry out the training program. Since this provision would be part of the program planning section, such planning would be subject to public comment and would become part of the comprehensive annual services plan.

A new provision should also be added to section 2002 analogous to the provisions related to services, Mr. Chairman, indicating no payment would be made by the Federal Government to any state with respect to any training or retraining expenditures unless the Secretary determines that the State's program planning for training is adequate and in accordance with the training planning provisions.

We have other training recommendations. One, we would urge the subcommittee to require an evaluation and report to Congress by the Secretary on the operation of the training program, Mr. Chairman, instituted under these changes, by the close of the third year of full implementation.

We would suggest that authority be added to title XX authorizing the Secretary to make grants or contracts for professional manpower development and training research and evaluation in the social services area, as well as for training for the services personnel.

Finally, we would like also to suggest a revision of the provisions related to private donated funds. This is one that concerns us very much, particularly since a good many of the training institutions, both graduate and undergraduate, are under private auspices.

At present, whether for services or training, private donated funds may constitute the State matching share but only where the donation is unrestricted, at least as far as donations by program sponsors are concerned.

The private, nonprofit sector—that is, the 501-C-3 agencies—in both services and education is disadvantaged by this provision because it cannot contribute matching for the restrictive purpose of improving or expanding its program. It can only give money to the State on an unrestricted basis.

And in the institutions of higher education, particularly the private institutions, the trustees of those institutions in many instances, in fact in most instances, do not believe they can make such a contribution until it is legalized, even through the indirect process. They cannot because they feel that their money has been contributed either by payment of tuition or by grants to the institution for a specific educational purpose. And they have no right to turn it over to the State for unrestricted purposes.

So we in the training area, particularly, Mr. Chairman, are severely disadvantaged by this indirect payment.

I think Mr. Silverman spoke on this subject to the committee last week. His fund has been helpful in trying to find a way around this with the universities and with the Council on Social Work Education. He and we would certainly prefer the direct payments.

Public institutions are not so disadvantaged since the matching share for a public school or service agency is appropriated by the State, and may be appropriated on a restricted basis.

We would recommend that, at least in the training area, Mr. Chairman, the private donation provision be amended to permit donations which are restricted as to purpose, so long as the project to which the restriction applies, Mr. Chairman, is identified in the plan of the State agency to which I referred earlier.

Thank you very much for having made the time available to us. We have submitted written testimony on which these remarks are based.

Mr. CORMAN. It will be placed in the record.

[The prepared statement follows:]

STATEMENT OF THE COUNCIL OF SOCIAL WORK EDUCATION

The following statement focuses on training programs.

Under Title XX, the Federal Government matches state expenditures for training costs including in-service training costs and the costs of grants to institutions of higher education and student aid offered by such institutions to students who meet the eligibility requirements of the Title XX training regulations. The statute requires that Title XX training expenditures be directly related to the training of personnel for the Title XX service system. In this connection, a fairly elaborate set of regulations was promulgated by HEW in the initial years of the Title XX training program. The program currently provides support for training through in-service training activity or grants to educational institutions for training of individuals currently employed by the state Title XX agency in any capacity, whether administrative or service delivery, and the training of service delivery personnel for public and private provider agencies. Public and private provider agencies would include those agencies in state government such as the mental health agency which may contract with the state Title XX agency to provide mental health services to Title XX eligibles as well as private agencies such as family service agencies or child welfare agencies which have contracts with the Title XX state agency. In addition, students preparing for employment with the state Title XX agency may be trained in programs supported by grants to the educational institution. Such students may also receive student aid provided that the students have a written contract with the state Title XX agency in which the student agrees to make him- or herself available for employment with the state Title XX agency.

The program has been quite successful in many respects while it obviously does not please everyone. It is a very unique Federal program of professional training since the major agency in the service delivery system is directly involved with the formulation of the education and training programs for social service personnel. In most other areas of Federal support for the training of professionals, there is little or no relationship between the service delivery agencies and the educational institutions. This unique experiment has been quite successful on balance as evidenced by a study performed for HEW by the Florence Heller Graduate School for Advanced Studies in Social Welfare at Brandeis University under the able direction of Charles Schotland. That study, dated September 1976, reviewed Title XX training programs in 6 states. While recognizing the great diversity among state social service programs and the need for diverse training to relate to such programs, the study essentially supported a Federal role in financing a major program for social service manpower.

In the course of the past year, there have been attempts by HEW to get views of the various parties involved with training in order to improve the current program. Much improvement can be obtained simply through regulations since the statute is very broad with regard to what training may be financed. A number of liberalizations were recommended by us including some to deal with rather strange restrictions in the current regulations. We believe, for example, that the administrators and managers of public and private provider agencies should be eligible for training, not just the service delivery personnel of such agencies. There seems to be no reason nor any statutory basis for permitting the training of such management personnel within the Title XX agency but not within the provider agencies. We think the provider agencies have major needs for training which Title XX can meet. In addition, the only students preparing for employment who may be trained are those being trained for the Title XX agency. Students preparing for employment with public and private provider agencies cannot receive any form of training support under Title XX. Again, this limitation seems fairly arbitrary and has no statutory basis. The statute simply indicates that training or retraining must be directly related to the Title XX program. Public and private provider agencies are as much a part of the Title XX program as the Title XX agency itself; at least so long as those agencies have major purchase of service contracts.

With the many training needs that are not addressed by Title XX at all, it would not seem to be particularly responsive to impose a ceiling on the training program at this point in time. There are other arguments against such a ceiling presented later in this testimony.

Funding levels for Title XX training since the first full Federal fiscal year of the program have increased substantially but we do not believe those increases constitute evidence of a nationwide abuse of this program. In fiscal year 1977, when training funds for the first time were clearly designated as Title XX training and not commingled in Federal accounts with income maintenance and Medicaid training, the level of Federal effort was $55 million. In fiscal year 1978, that figure rose to approximately $68 million. Estimates for fiscal year 1979 are in the range of $85 to $90 million and estimates for fiscal year 1980 are in the range of $95 to $100 million. The total rate of growth over the 3-year period between fiscal 1977 and fiscal 1980 is about 24 percent per year. The growth rate from fiscal year 1978 to date is a little over 20 percent and the predicted growth rate for fiscal year 1979 and 1980 is in the neighborhood of 12 percent to 14 percent without any ceiling proposed. Thus, the annual rate of growth is 24 percent and the growth rate has been declining it would seem. I do not believe that these are alarming national figures given the magnitude of the social service program and the great need for training of personnel for the social service system. Recent studies in the child welfare field document the enormous deficiencies in training of personnel for childrens' services. We believe that we are joined in our assessment of the major needs for training programs for personnel in the Title XX program by the American Public Welfare Association, the National Governors Association, and associations of provider agencies.

DATA ON THE NEED FOR SOCIAL SERVICE MANPOWER

Some information has been organized with regard to social service manpower needs. The Council on Social Work Education supported a study which has been submitted for the record. That study draws heavily on Bureau of Labor Statistics information which indicates that through 1985 there will be approximately 35,000 job openings in the social work field. Graduate and undergraduate schools of social work currently produce about 16,000 graduates per year. While some other schools may produce social service manpower, there is clearly a substantial shortfall. In a recent report to the Senate Appropriations Committee, Assistant Secretary Arabella Martinez indicated a recognition of this data. In her report, which we also submit for the record, the question is raised at to what the level of training is that is necessary for these people and whether specialized training in social work or social services is required. We would submit that such training is necessary and the study done by Peat Marwick & Mitchell and the Child Welfare League dealing with the child welfare services program supports our position. While this study was of state child welfare agencies and their programs, not Title XX agencies and their programs, we think that there are analogous problems in the Title XX programs. This study of 25 state child welfare service programs indicates that one of the greatest shortcomings in the child welfare service program is the inadequate training of personnel who are performing very complicated and serious jobs such as determining the placement of children and determining whether they are abused or neglected.

It is self-evident that the effectiveness of social services, like the effectiveness of health services, depend upon the abilities of the personnel delivering the service. We are not talking about hardware or mass-produced products, but rather the delivery of services by one human being to another. Many of the shortcomings in our social service programs relate to the inadequate preparation, training and skill of the individuals attempting to perform these personal services.

If one assumes that there is a major need for more trained social service manpower and better trained manpower, and we clearly do believe this, it is apparent that the Title XX social service training program is the only major resource to meet this need. There is a small training program authorized under Section 426 of the Social Security Act under which HEW makes direct grants to institutions of higher learning. That program is funded at only $8 million, however, and the Administration is proposing to cut that program to $5 million for fiscal year 1980. The only other program which trains social service personnel involved with Title XX in some major way is the training program of the Administration on Aging. That entire program is only $17 million and much of that money is spent on improving the state and local aging agencies' performance. Those agencies are not generally Title XX provider agencies.

THE ADMINISTRATION'S PROPOSAL TO LIMIT TRAINING EXPENDITURES

The Administration has proposed a ceiling on training expenditures which are presently financed on a matching basis with the Federal Government providing $3 to match every $1 of state expenditures. The ceiling proposed by the Administration would preserve the separate training authorization but would limit the training program in each state to 3 percent of the social service budget in each state. While training funding clearly has some relationship to social service funding, a 3 percent ceiling in each state would be very harmful to the program at this point in time. Some 30 states already exceed 3 percent of their social service expenditures for their training programs. In June of last year, 14 states exceeded 4 percent and 10 states exceeded 5 percent of their service budget for training.

We believe that the problem is much more one with regard to the quality of training and educational activity than it is with regard to fixed quantitative ceilings. The way the Title XX training program currently operates, there is no requirement that the state develop or submit to HEW a plan dealing with its manpower needs and programs. HEW is not required to approve plans. We believe that a carefully designed state plan requirement, similar to service plan requirements, without burdensome paper work upon the states, could improve management of this program and the quality of training and education. With such a provision, it is our belief that the training budget would remain under reasonable controls and yet be responsive to the increased training needs which we have indicated exist. We also believe that the Title XX regulations should be liberalized to permit the training of personnel directly involved with the Title XX system who are not now trained with Title XX money such as administrators and managers of public and private provider agencies and students preparing for employment with those agencies. We also think that public and private provider agencies should be treated the same as the state Title XX agency with regard to the training opportunities offered employees.

STATE PLAN REQUIREMENTS

Title XX presently has provisions for both a state social service plan which must be approved by the Secretary (Section 2003(d)) and a state planning process which results in the comprehensive annual services program plan (Section 2004). We would recommend that the state planning process required by Section 2004 include a new provision related to training. That provision should require a description by the state of: (a) needs for personnel training in the state and the categories of individuals needing training (including administrative personnel of provider agencies and individuals preparing for employment with provider agencies); (b) relevance of such training needs to the Title XX program; (c) the training programs intended to meet those needs; (d) where appropriate, criteria for selection of those to be trained and the training institutions; and (e) the source and amounts of resources necessary to carry out the training program. Since this provision would be part of the program planning section, such planning would be subject to public comment and become part of the comprehensive annual services program plan. A new provision should also be added to Section 2002, analogous to the provisions related to services, indicating that no payment would be made by the Federal Government to any state with respect to any training or retraining expenditures unless the Secretary determines that the state's program planning for training is adequate and in accordance with the training planning provisions.

We believe that these provisions would stimulate improved training programs. The public participation in the process of training needs assessment and program development should be a benefit to the program. Also, HEW would have legal authority to deny Federal payments to match state expenditures where the plan failed to document the need for the training and its relevance to Title XX. Such is not presently the case. Provisions like these should both contain costs as well as stimulate quality training.

OTHER TRAINING RECOMMENDATIONS

We would also urge that the Subcommittee require an evaluation and report to Congress by the Secretary on the operation of this training program with these changes by the close of the third year of full implementation. We would suggest that an authority be added to Title XX authorizing the Secretary to make grants or contracts for professional manpower training research and evaluation in the social service area; particularly under Title XX.

We would also like to suggest a revision of the provisions related to private donated funds. At present, whether for services or training, private donated funds may constitute the state matching share but only where the donation is unrestricted at least as far as donations by program sponsors are concerned. The private sector in both services and education is disadvantaged by this provision because it cannot contribute matching for the restricted purpose of improving or expanding its program. It can only give money to the state on an unrestricted basis and most trustees of such institutions will not do that. Public institutions are not so disadvantaged since the matching share for a public school or service agency is appropriated by the state and may be appropriated on a restricted basis. We would recommend that in the training area, the private donation provision be amended to permit donations which are restricted as to purpose so long as the project to which the restriction applies is identified in the plan of the state agency.

CONCLUSION

Professional manpower training for the social services system is critical to the quality of social services; just as critical as health manpower is to the health system. We believe that the provisions which we have recommended would improve the quality of such training and control any abuses about which this Subcommittee or others are concerned. We would urge the Subcommittee to take this step at this time and then reassess the manpower and training system after it has been in operation for a few years; at least 2 to 3 full years. We also believe that liberalizing the private donation provisions and the eligibility for training of provider personnel provisions will improve the effectiveness of the training program. Finally, a specific program authority for social service manpower research and evaluation is needed and should assist HEW in determining national social service manpower needs and standards.

Mr. CORMAN. Mr. Moskowitz.

STATEMENT OF JACK MOSKOWITZ, VICE PRESIDENT, GOVERNMENT RELATIONS, UNITED WAY OF AMERICA; ACCOMPANIED BY PATRICIA BARRET

Mr. MOSKOWITZ. Thank you, Mr. Chairman.

I have with me Patricia Barret of my staff, who is our title XX expert. I would like to submit our statement for the record and give a brief resume of it.

Mr. CORMAN. That is fine.

Mr. MOSKOWITZ. United Way of America supports strengthening title XX's capacity to stimulate more thoughtful and responsive planning and organization of social service delivery in the States.

Attached for the record is a copy of a position paper proposing legislative and administrative changes needed to accomplish this goal. This position paper was developed by a task force composed of local United Way professionals from across the country.

Could that be placed in the record?

Mr. CORMAN. Yes; the position paper will be placed in the record.

[The paper follows:]

UNITED WAY OF AMERICA TITLE XX POSITION PAPER

BACKGROUND

The history of Title XX of the Social Security Act and its precoursers, Titles IV-A and VI, reflect a long evolutionary process towards an effective means of stimulating comprehensive state social service programs without diminishing either state responsibility or autonomy. Throughout this process, it has periodically been reexamined and reshaped in the light of accumulated experience and insights regarding how to accomplish current tasks better and what new directions it ought to take.

Title XX is actually the result of the last major reexamination in 1974-75 of the way social services were evolving within the framework of the state welfare systems.

Originally, federal support of state social services were authorized under Titles IV-A and VI of the Social Security Act. This program was small, serving welfare recipients only and emphasizing casework. In the late 60's, congressional and administrative action broadened program eligibility to include former and potential public assistance recipients and expanded eligible services to a wide range of specialized services beyond the old casework definition. The purpose was to actively promote more intensive, more creative state effort to reduce welfare dependency.

However, the funding for this program was totally open ended with the federal government required to match all state dollars spent for eligible services. Through the end of the decade, the program exploded as eligible services grew and as state budget officers, also, increasingly sought to place more existing services under the Social Security Act. Federal expenditures more than quadrupled between 1969 and 1972. The program was out of control.

In order to reestablish control, but to continue to promote flexible and comprehensive state social service programs, Title XX was created. It represented the best compromise then available to the Administration, the Congress, the states, the public welfare establishment and the voluntary sector. In order to meet these criteria, Title XX's comprehensive planning mechanisms were established, calling for a needs assessment process to support state planning, a citizen participation mechanism for reviewing the plans and an accountability system to determine program effectiveness.

All of these measures supported the concept of building systems for social service decision-making within the states. It has been effective, and states have made great strides in developing both systems and skills in these areas. However, we are again at a point where another reexamination is necessary in order for Title XX to fully realize its potential and to go one step further.

ACTION

More effort is needed on the Title XX program to perfect the systems now being formed and to extend these decision-making processes down to the local level.

Title XX is maturing as the core program for social service financing, planning and programming. It is the one program that cuts across categorical program lines and, thus, tends to be the thread that ties together the federal patchwork quilt of categorical human services at the state and local levels. Because of this function, it has led to better coordination and integration of services and ultimately to a more efficient means of getting services to people.

Further, Title XX is the one program interrelating the public and the voluntary sectors through its extensive use of purchase of service contracts and donated matching funds as well as its broad based planning and citizen participation mechanisms. This program has also started to break down the old artificial barriers that had grown up between services to welfare recipients and services to all others. Purchase of service has brought recipients into contact with a much broader range of services and agencies. Title XX's eligibility criteria permits states to encompass middle income persons as well as recipients and low income persons in their service programs by using sliding fee scales.

If state and local planning and service delivery systems were further developed under Title XX, this program could, in the future, serve as a vehicle for new human services initiatives or to link other current categorical program areas. However, such utilizations of Title XX are not feasible until Title XX is operating smoothly at all levels.

LEGISLATIVE ACTION

Ceiling

Title XX funding should be increased over an assured period of time.—Since the $2.5 billion ceiling was initiated in 1972, inflation has reduced its purchasing power by nearly half. If the ceiling had risen at the same rate as the consumer price index, it would have been $3.6 billion in 1978. Recent increases of $400 million to Title XX have been only annual authorizations and not permanent increases to the ceiling. For the past two years, authorizing legislation has not passed Congress until well into the new fiscal year, creating doubts about the outcome.

The combination of uncertainty, instability and erosion of the program's funding has provided disincentives to planning and to building the systems necessary to do it comprehensively. In order to reverse this trend and increase and broaden planning, there must be a permanent increase in Title XX funding with sufficient lead time for planning before the funds become available. Each jurisdiction qualifying for Title XX funds should have a dependable level of funding fairly representing its level of needs.

Title XX funding should be structured to provide direct incentives to states for system building functions.— These would include planning, citizen participation, needs assessment, evaluation and staff development. This could be done in several ways. More attractive matching ratios could be used to encourage desirable activities. A separate administrative set aside or a technical assistance or research and demonstration fund could be made available outside of the structures of the funding ceiling so that a state may qualify to establish or test new systems even if it is at its own ceiling.

Planning

Title XX should promote a local focus in the planning process.—Needs assessments, citizen participation and accountability must be directed at local communities. This level would produce the greatest responsiveness to the system because it is accessible to more people than the state level. Anchoring these functions in the local community will also tend to counteract the impersonalization coloring most of our daily transactions and alienating so many people from government services.

The use of voluntary sector input and expertise should be encouraged in the planning process wherever it is available and appropriate.—The voluntary sector has a great deal of information and expertise in planning, needs assessment and evaluation. However, in most cases, this resource is overlooked. All too often the voluntary sector is not even consulted before the states or the federal government develop procedures for provider agencies to follow. This narrow perspective on Title XX must be overcome before it can fully speak to and relate to both sectors. The authorizing legislation should clarify and strongly state its intent to foster a public private partnership in carrying out the Title XX mandate.

Planning should be done on a comprehensive basis.—Title XX should promote the broadest planning concepts incorporating an evaluation component as well as needs assessment. In this way planning will be more viable, even during periods when resources for services are not expanding and priorities need to be reassessed. In order for this to occur the Title XX planning process should become more open with more frequent opportunities for the participation of concerned groups. It should also be scheduled in conjunction with the budget process so that its results influence the budget rather than the reverse. This planning process should also attempt to identify and coordinate other service programs and funding sources interrelating with Title XX without actually exercising control over them. Finally, a longer planning cycle than the current annual one is essential to a more comprehensive process.

Accountability

Accountability for scope and effectiveness of services should be shifted to the local level.—While it is most appropriate that fiscal accountability rise upward to the federal government because of its financial support, questions about needs and service impact should be answerable to the community where the service was given.

Here again, removing responsibility to the federal level increases impersonalization, and it lessens the capacity of the service system to make adjustments accordingly.

Reporting

Fiscal and program reporting should be integrated with planning needs.—Social service reporting mechanisms could also be utilized to support the system building approach. Now, much of the current reporting is not useful to the states because it reflects only what the federal government needs to know and very little about what the state and local officials or service providers need to know about the program. Reporting requirements should mesh with these needs. If this were done, the reporting itself would serve to support and encourage more comprehensive planning and evaluation because the data could be used for those purposes. The federal government would also get far more accurate program data because it would have more significance to those preparing it than as mere paperwork.

Data required in all reports should have some basis of comparison between them and should also have a correspondence with data in the CASP. Furthermore, the CASP data should be broken down in such a way that they provide adequate information on local communities. Data should not be limited to the planning phase but should be extended to include a report on the actual program for the preceeding year.

ADMINISTRATIVE ACTION

The above recommendations speak primarily to the need to modify Title XX's legislative authority. This section deals with recommendations for administrative measures. However, this categorization is not meant to be absolute. All of the legislative changes outlined above will also require administrative action to ensure full and effective implementation. In some cases, where legislative action is unsuccessful, these recommendations may be acted upon at least partially through administrative action.

Training

Title XX training should be used to reinforce the system building approach.—Training should be available to develop and upgrade skills necessary for decentralizing the planning, evaluation and delivery of services throughout the program. Now, most types of training may be given only to staff of the state agency administering Title XX. Over 50 percent of Title XX funds are now spent under purchase of service contracts with public or private agencies. It would be impossible to seek more efficient Title XX management, or any other improvement, if over half the program's staff is to be ignored.

It is especially important in testing planning or evaluation techniques, for example, to be able to instruct all participants in how they work and how to get the best performance from them. The lack of such training has significantly hindered Title XX's ability to develop systems below the state level. Full participation in in-service training programs ought to be encouraged with special emphasis on bringing voluntary service providers into the process. Some of the ways this can be done are by opening up the planning process for training through a published plan, by broadening eligibility for training among service provider staffs and volunteers, and by permitting more flexible contracting arrangements for service providers to obtain training.

Accountability

Procedures for fiscal program reporting should be simplified and coordinated.—Title XX has been much criticized for its enormous paperwork requirements and yet much critical information on the program is still not readily available. The problem lies not in the amount of data collected, but in the form it takes. Useful information is in the system, but can't be readily isolated and, therefore, is not accessible. This can be rectified by developing a greater correspondence between reporting mechanisms for different purposes. Results should be able to be interpreted at the local level so that they can be used in improving the services and the systems. Such coordination in reporting could reduce costs as well as paperwork.

Technical Assistance

Technical assistance should support and encourage state system building efforts.—HEW should not provide such assistance itself, but should facilitate an exchange of information and expertise between the states. It should also use technical assistance to facilitate exchanges between the states and other participants wherever appropriate. HEW should build better relationships with the voluntary sector as well as with local officials in order to encourage better communication and more integrated systems of technical assistance. The contents should also be used to more actively promote improvements in the system elements such as needs assessments, evaluation techniques, decentralized planning, and integrated planning. Furthermore, more assistance should be developed aimed at techniques of managing purchase of service systems from the provider's perspective as well as the administrator's and in those areas of special concern to providers. Such areas are unit cost rates, reimbursement procedures, service definitions and standards, and methods of assigning services to be purchased.

Regulations

Voluntary sector perspectives and experiences should be sought in formulating Title XX policies.—If Title XX goals and objectives are to be met, program regulations and guidelines should be appropriate to the overall program all the way down to the service delivery level. This can't occur if most consultation is limited to the states. This is especially critical because so much of the program is carried out under purchase of service. Representatives of all types of participants should be consulted at an early stage of policy development. In this way, policies and procedures will be better adapted to the purchase of service process.

Planning

Administrative policies should encourage increased coordination with other service programs and service deliverers at all levels.—All HEW policies and regulations should support the effort to build more comprehensive planning and delivery systems. A thorough policy review should be conducted to weigh the impact of existing regulations on this goal and to develop new ones, if needed. Other administrative activities should also be reviewed. Some topics that could be considered are waivers of regulations to integrate special programs, and adoption of a standard services identification system to ensure correspondence among service categories.

Mr. **Moskowitz**. Mr. Chairman, now that I look at the panel, our task force was composed of professionals from Los Angeles, Detroit, Atlanta, and Rochester, N.Y. May I later send a letter to the committee with a list of the people who composed the task force, for the record?

Mr. **Rangel**. You are a long way from home, from Rochester.

Mr. **Moskowitz**. I know, sir, but Geneva Johnson, who is one of our leading planners, is from Rochester.

The major recommendations of the task force are:

One, increase the title XX allocation ceiling permanently and authorize all temporary provisions permanently;

Two, eliminate special restrictions on the use or handling of private contributions to the local matching requirement;

Three, extend eligibility to conduct training programs to all qualified public and voluntary organizations and extend eligibility to receive training to all staff and volunteers working under a title XX contract;

Four, permit the States to utilize a 2-year planning cycle; and

Five, provide for consultation with local officials in development of the CASP plan.

Points 1, 4, and 5 are in your bill, Mr. Chairman, so I would like to speak briefly to points 2 and 3.

Point 2, that is, eliminate the special restrictions on the use or handling of private contributions to the local matching requirement, was referred to by many witnesses here——

Mr. **Corman**. Do you think if we were more lenient in dealing with private contributions it might solve a part of that 3-percent cap problem?

We are really trying to figure out some way to accommodate the administration and still not cripple the needed training programs.

Mr. **Moskowitz**. Maybe Pat can answer that.

Ms. **Barret**. The private donation question speaks to training, and it also speaks to the services. In regard to training, many nonprofit organizations are not permitted to conduct training.

We feel that they could conduct training on a shortterm basis and save money in doing the training, because you could do it cheaper that way.

Mr. **Corman**. What kind of organizations or groups are you talking about?

Ms. **Barret**. Service providers, basically, who have a special expertise in a particular area. They are especially good at providing a certain service and could provide training to other agencies to bring them up to speed.

The restrictions on the donated funds, however, make it impossible to put up their funds for match directly, and this tends to keep them out of providing training. But there are other problems with the training fund also, in regard to nonprofit organizations. They cannot do it directly either, because they cannot get a contract to do training. They are ineligible. They may offer staff time to do training as outside experts under the law, Mr. Chairman, but apart from that they cannot get compensation and reimbursement for all of their costs such as overhead and supplies. Only the universities can get that.

Mrs. **Daly**. Can I speak to that question, because I think your question addresses the opposite: That if we were to expand the eligible trainers and put a ceiling on it at 3 percent at the same time, it would complicate the problem.

Mr. **Corman**. Yes.

Mr. **Moskowitz**. Just backing up on this question of the match and lifting the restrictions on the match. It is a matter of accountability; it is a matter of being up front and being direct.

I think that is very important, that all service providers be able to go to the State agency; pledge their money directly; and contract for the services and get their match.

But now, they just blanketly give the money to the State with some sort of unwritten gentleman's agreement. On that amendment, Mr. Chairman, we have developed a fact sheet.

Could I submit that for the record? We are starting to talk to Members on that amendment.

Mr. **Corman**. That has been placed in the record.

Mr. **Moskowitz**. That is the sum of our testimony and recommendations, Mr. Chairman.

[The prepared statement, factsheet, and list of task force members follow:]

STATEMENT OF THE UNITED WAY OF AMERICA

United Way of America supports strengthening Title XX's capacity to stimulate more thoughtful and responsive planning and organization of social service delivery in the states.

Attached for the record is a copy of a position paper proposing legislative and administrative changes needed to accomplish this goal. This position paper was developed by a task force composed of local United Way professionals from across the country.

We particularly want to stress our support for five proposals:

1. Increase the Title XX allocation ceiling permanently and authorize all temporary provisions permanently;

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2. Eliminate special restrictions on the use or handling of private contributions to the local matching requirement;

3. Extend eligibility to conduct training programs to all qualified public and voluntary organizations and extend eligibility to receive training to all staff and volunteers working under a Title XX contract;

4. Permit the states to utilize a two year planning cycle; and

5. Provide for consultation with local officials in development of the CASP plan.

Points 1, 4 and 5 are proposed by Chairman Corman in HR 2724 and by the Administration. Point 1 is proposed also in Representative Stark's bill.

United Way of America is the national organization for local United Ways. There are over 2,000 United Ways throughout the country, deeply involved in planning for the community's service needs and seeking the resources to provide them.

Title XX is an important program to local United Ways because it has stimulated and supported greater coordination and cooperation between public and voluntary sectors. This cooperative effort represents a creative partnership between the public and voluntary sectors in financing, planning, delivering and evaluating many essential community services. Title XX is the government program that supports the largest number and the broadest spectrum of voluntary services. No other federal program has such a broad scope.

A recent Urban Institute study on Title XX for HEW indicated that almost one third of all Title XX expenditures ($928 million of the current $2.9 billion ceiling) are made through purchase of service arrangements with private agencies, mostly nonprofit organizations. The voluntary sector, therefore, provides at least $1.2 billion in Title XX services when the 25 percent local match is included.

Title XX supports the basic social services provided by United Way agencies such as foster care, day care, adoptions, youth services, counseling and information and referral. These agencies have made a major commitment of their resources to Title XX, its purposes and procedures. One national voluntary organization, for example, has found that 30 percent of its local agencies' support comes from government programs and 44 percent of those funds are Title XX dollars. Consequently, Title XX policy and programming has a profound impact on local United Ways' planning and allocations. Without Title XX funds voluntary services would suffer. Conversely, if the voluntary sector were to pull out of Title XX, there would not be much of a program left in many states.

Some present Title XX policies create problems for the voluntary sector. United Way of America believes the following changes will alleviate some of the problems and simplify administration of the program for voluntary agencies.

1. The Title XX allocation ceiling should be increased permanently and all temporary provisions should be made permanent.

This would eliminate disruptions in service programs and community planning due to the uncertainty of continuation. This problem is especially acute when legislation is delayed past the start of the new fiscal year as has been the case for the last two years.

2. Special restrictions on the use or handling of private contributions to the local matching requirement should be eliminated.

Nonprofit organizations should be permitted to offer cash or in kind contributions for local match on the same basis as local public agencies. This would prevent unnecessary duplication of administrative effort on the part of the state as well as voluntary organizations. It would also eliminate accountability problems for voluntary organizations caused by current procedures requiring a blind gift of privately raised funds to the state.

3. All qualified public or voluntary organizations should be eligible to conduct training programs and all qualified staff and volunteers working under a Title XX contract should be eligible to receive training opportunities.

Provider agencies and voluntary organizations may be the best source of expertise in particular fields. Under existing law, they may be reimbursed only for staff time instead of the full cost of training. For this reason, voluntary agencies don't participate. Providing training to volunteers would encourage a greater utilization of volunteers in service delivery and, thus, reduce program costs, helping voluntary agencies to better cope with limited resources. Finally, in view of the fact that over half of the Title XX services are delivered under contract, there is no way that state management of these contracts can be made truly effective without training the administrative staff of purchase of service contractors in improved procedures.

4. The Title XX planning cycle should be extended to two years at state option.

A two year cycle would improve the quality of community planning by permitting enough time between cycles to reflect upon the effectiveness and adequacy of the current plan before beginning the next one. Freeing the states from this treadmill would also encourage them to synchronize the Title XX cycle with their budget cycles.

5. Consultation with local officials should be required in the preparation of the CASP plan.

Many voluntary organizations and other interested groups and individuals do not have ready access to their state officials many times because the state capital is just too far away. However, their local officials are close at hand. Truly effective social service systems cannot be developed without a local focus for citizen input and response. This provision would open a communication channel touching not only planning, but all areas of the program. This would make it more responsive to community needs.

Any problems within the Title XX system may be magnified over the next few years as a result of reductions in federal support for social programs. These circumstances will give Title XX a much greater significance as the primary means and, perhaps, the only means of balancing major changes in federal priorities with state and local priorities. Therefore, it is important to us to improve the planning and management of the system in order to meet these additional challenges and to help communities deal with severely limited resources while continuing to meet the complex human problems confronting them.

FACT SHEET ON PRIVATE DONATIONS UNDER TITLE XX

Under Section 2002(a)(7)(D) of current Title XX legislation, the use of donated funds to satisfy the federal matching requirement is severely restricted. Neither the provider agencies nor the United Way or other federated fund raising organizations may simply offer to supply the local match for a contract as is allowed under many other federal grant and contract programs.

Title XX permits United Way to name the type of service to be provided with its match and the geographical area within which the service is to be available. It may, for example, present a donation to the state to provide day care to children in Detroit. It may not name the agency to provide the service. Provider agencies, in donating funds, may not even name the service they want provided. They would, for example, turn a donation over to the state for any social service the state wishes to provide in the City of Detroit. Such private funds are to be transferred to the state and placed under its complete control.

In practice, most nonprofit donors have "gentlemen's agreements" with the state concerning the service contract and the specific agency to deliver the services under the private donation. This is done to avoid the affects of the law, because no responsible nonprofit organization is going to make a gift to the state of funds raised privately to support voluntary services. Complying with the letter of the law would cause great accountability problems for United Way with the public who contribute because their money supports voluntary effort.

Furthermore, a few states have added their own restrictions to try to enforce strict compliance for fear that they will face audit exceptions by the Federal Government. These are very burdensome to local United Ways and voluntary providers. For example, in Pennsylvania, the state requires the donation for the full year to be made in the first six months of the fiscal year, instead of in installments throughout the year. This causes severe cash flow problems for United Ways and their agencies by tying up large amounts of their income so far in advance of the actual expenditures required to perform the services. Some small agencies may be prevented from participating in Title XX because their budgets are too tight to permit tying up cash for such a lengthy period.

In another instance, a different state has refused to return unused portions of a private donation to the donor at the end of the contract period. This obviously causes great problems for United Way's ability to account for its allocations.

This system is no longer serving any worthwhile purpose except to increase paperwork and divert Title XX funds to administrative functions. The states should be permitted to negotiate up front with the voluntary sector on all aspects of a service contract including the need for private matching funds if such is the case.

Many national organizations are in support of dropping these restrictions. These include the American Public Welfare Association, the National Governors' Association, the Family Service Association of America, the Council of Jewish Federations, the Child Welfare League of America, AFL-CIO Department of Community Services as well as the United Way of America.

UNITED WAY OF AMERICA TITLE XX TASK FORCE

Al Dietzel, Chairman, Executive Director, United Way of Franklin County, Columbus, OH; Louis Altarescu, United Way of Central Maryland, Baltimore, MD; Wiley Cooper, Executive Director, United Way of South Carolina, Columbia, SC; Holly Krailo, United Way Services, Cleveland, OH; Jack Walsh, United Way of Metropolitan Chicago, Chicago, IL; Shirley Whyte, United Way of San Antonio and Bexar County, San Antonio, TX; Al Henry, United Fund of Houston & Harris County, Houston, TX; Dick Aft, United Way of Metropolitan Atlanta, Inc., Atlanta, GA; Maggie Barcher, Housing Director, Community Chest of Greater Rochester, Inc., Rochester, NY; Frank Harris, United Community Services of Metropolitan Detroit, Detroit, MI; Marty Harris, United Way of Delaware, Wilmington, DE; Roger Thibaudeau, Director of P & A, United Way of King County, Seattle, WA; Homer Trevino, Executive Director, United Way of Waco-McClennan County, Waco, TX; Jerry Wild, Executive Vice President, United Community Planning Corp., Boston, MA; Sara Turnbull, Director of Planning, United Way, Inc., Los Angeles, CA; Dell Randelunas, United Way of Union County, Elizabeth, NJ.

Ex Officio Members: Joseph Valentine, United Way of the Bay Area, San Francisco, CA; Richard Huegli, United Community Services of Metropolitan Detroit, Detroit, MI.

Mr. CORMAN. We thank you very much for your contribution. We missed Mr. Ginsberg because of his personality and good looks, but Mrs. Daly was most helpful.

The next witness is Norman Lourie, the executive deputy secretary for Federal policy and programs, for the Department of Public Welfare, in the State of Pennsylvania, on behalf of the National Association of Social Workers.

Norman, your full statement will appear in the record.

STATEMENT OF NORMAN LOURIE, ON BEHALF OF THE NATIONAL ASSOCIATION OF SOCIAL WORKERS

Mr. LOURIE. Thank you, Mr. Chairman.

It is toward the end of the day, and I know you have had a busy and long day. I thank you very much for letting me come. It is good to be with you again. I wanted to put my testimony in the record and just make some extraneous remarks.

Today, I am representing the National Association of Social Workers, which is the professional society in the United States in the field of social work. The membership now is about 80,000 people who work in both public and voluntary agencies: 50 percent of our membership is in public bodies, and 50 percent of them work in a variety of social and related agencies.

I think that one of the things that our profession prides itself in is that it is possibly the major profession in the United States that puts the public interest in front of a professional self-interest. I think it is in that sense that we are testifying here today.

I am not going to repeat all of the specific recommendations that are in our testimony, which deal with some of the details that have already been dealt with by colleagues from a number of the major organizations with whom we agree. I just do not want to repeat those.

I do want to deal with two or three of what we believe are major professional issues from our standpoint, some of which may have been said before, but maybe we can say them in a different way.

First, with respect to title XX, as you may recall, the National Association of Social Workers gave staff service and leadership to the coalition which worked together with HEW and the Congress to get title XX into shape. And we are a little bit concerned that some of the promise of title XX may not be coming out the way it originally was intended by most of those who sponsored it and supported it, and also by the intent that we believe Congress had.

We would like to urge that, in addition to what needs to be done in respect to title XX, that you would keep its work going. And many of those specific things and recommendations that are in our testimony would support some of the thrust that you have developed and that has been said over and over again today.

But we do believe that there are some aspects of the manner in which title XX is being carried out which, in effect—and I feel more convinced about it as I listen today—it has become more, in effect, a funding stream rather than a promise for a program leadership, for program integration, for program coordination down at the point where the customer needs best to be served.

A great deal of good is being done by title XX. You have heard over and over again today from the people from the fields of disability, for instance, who talk about ways in which title XX has improved those services. I know those things to be true. But when you think of the potential of these dollars as the instrument that would ultimately, in the social field, help us to know who is at risk and to sort out what those at risk need, and then to guarantee that those needs were met, I do not think that the title XX set of arrangements has made much advance in that field.

It has gone into a lot of arenas; it has spread the wealth around; it has produced a lot of new services; but it really has not done very much with the system. I feel very much the same way about title XX and its relatively smaller way, Mr. Chairman, as I do about the health system and national health insurance.

I have always fought, and our association has always fought hard, for national health insurance. And we continue to do so as a principle. But there are many people, including myself, who feel that if we get national health insurance without doing something with the system that produces the health service, that we are liable to be in a very difficult kind of situation in the sense that we are kind of pouring more money on a troubled system.

As everybody knows, it has been said about the United States that we have the best medical care, but among the poorest, and perhaps the poorest, of the health systems in the Western World. And what I am saying leads to some of the same conclusions in the social services systems.

And one of our recommendations in the testimony to your committee is that you, next time around, address the matter and begin to take a look at title XX and its impact on the social services system because we think that needs attention.

Mr. Corman. I hope sometime to have an opportunity to discuss this with you. There is $3 billion that is being spent for good and humane purposes, there is no way, in good conscience, we can renege on our commitment and redirect our thinking.

Mr. Lourie. The only comment I could make on that, sir, is that when we ran into situations in respect to such matters as public utilities, or such matters as defense—when we run into these situations, we have made it our business. And when we want to do, you know, exciting things in the space field, we made that our business.

A good example of comparison is in the field of children. If there is one pervasive institution in the United States, it is the public child welfare agency. It has existed, in one form or another, in every county in the United States almost since the beginning of our Nation. Each time a State got created, it provided child welfare law, and it provided county machinery or whatever local machinery was necessary to deal with children.

You represent in this committee the first time, in a very long time, that the Federal Government has taken a major interest in what is going on there with those children. It is not so much the amount of money. It would not matter whether you spent $56 million of $256 million: We would like to see you spend the $256 million, but spending it out there without taking a look and applying the set of Federal standards that the Federal Government sends with its dollars into a variety of physical and related fields—well, I remember when the Federal Government was spending money to build physical buildings in the health fields.

When we built hospitals, we could not get Hill burden money if the doors were the wrong size.

Mr. **Corman**. You will have to excuse me for a moment because I have to vote.

We will suspend for 5 minutes.

[Brief recess.]

Mr. **Rangel**. The committee will resume its hearing.

Mr. Lourie, I am sorry the testimony was interrupted.

Mr. **Lourie**. Yes; when I was interrupted I was just finishing a thought that was a recommendation to the committee—and you will find the material written in detail in our testimony—that when this round is finished, and when you have dealt with things that ought to be dealt with in respect to title XX and the elements of children's legislation, I was suggesting for our group that you take a look at the total system within which title XX is being spent. Because I think there are some system issues which, if they are not being dealt with, which will arise later to plague us.

People will come and say: "Hey, what have you been doing? There is a lot of duplication and a lot of overlapping." And I think this is one of the few places where that kind of oversight can take place.

The second overall comment I want to make—and I started on that line also—was that this is the beginning of a very important enterprise of the Federal Government that has been a long time coming, namely, a direct intervention in what we do on the State and local levels with respect to children. And whatever the details are, they are really less important than the fact that the Federal Government is entering into giving leadership of a major sort in dealing with the standards by which we raise children who have no available parents to raise them, and that is a very, very important issue.

It started originally, it was started originally with the Federal Government. In Theodore Roosevelt's time, it was started when the Children's Bureau was created and child labor laws for the first time were created in this country. And for a long time, the Federal Government was having some influence on the States. And if you go on through the 1940's and 1950's, and maybe even just into the beginning of the 1960's, something was happening in which the Federal Government had a tremendous amount of impact.

Something has happened since then. And now it is beginning to come back. We applaud that and think it extremely important that the Federal Government particularly is entering into all of those things that have to do with preventive care, with maintaining children in their families, with seeing to it that they are at the maximum level of functioning, with seeing to it that the most appropriate ways of caring for them are being built into the standards.

And finally, the third item that goes with that is a matter of personnel, which has also been mentioned here. And it really is not very much different from what the Federal Government has shown as a matter of interest in the field of education in terms of not only who was eligible for education, but who was responsible for educating children.

The Federal Government has done a great deal in the field of manpower in respect to health, in respect to education, in respect to a whole series of physical parts of our lives. But in this field, which has to do with the care of children, this again is one of the first times the Federal Government is getting in and taking a look at who is caring for the children who do not have appropriate, proper, effective caretakers: Whether it be educating parents to do better with their children, or whether it is to educate surrogate parents, or whether it is to have people who oversight these children and help them get from one appropriate spot into a more appropriate spot.

We think that the issue of the training of the people who work with children is going to be the measure of what we get in the way of care and service for these children. There is nothing wrong with the foster care system as a system. There is nothing wrong with the methods of adoption. The reason why the foster care system does not work, where it does not work, and the reason that adoption does not work, when it does not work, is because we do not have enough people trained and skilled to deal with these children.

There would be the same effect if we had folks out there who did not know how to teach children how to read and write. And sometimes we find situations where people do not know how to do that, and we get the same kind of problems. And I think a tremendous amount of investment has to go into training. So whatever you do in the training area, particularly with respect to this whole arena and the whole area of caring for children, I think the principles of applying the best that we know and making certain that the best of the skills are out there caring for children and helping families, and so on, well, I think that is the kind of leadership that we ought to be expecting from you.

Thank you very much.

[The prepar[illegible] statement follows:]

STATEMENT OF NORMAN LOURIE, ON BEHALF OF THE NATIONAL ASSOCIATION OF SOCIAL WORKERS

My name is Norman Lourie. I am the executive deputy secretary for federal policy and programs for the Department of Public Welfare in the State of Pennsylvania. Today, I am representing the views of the National Association of Social Workers (NASW) among whose 80,000 members are the professional social workers who will deliver the services which are addressed by the legislative proposals before this sub-committee. With me is Al Gonzalez, whose primary responsibility is the national legislative program of the association.

Mr. Chairman, although we have attached recommendations on the various social services proposals before this sub-committee, the basic thrust of our comments is the rapidly fading promise of title XX. It was the work of the Social Services Coalition which NASW spearheaded and that of the then National Governors' Conference which culminated in the passage of title XX. However, when Public Law 93-647 was passed, it did not result in increased monies available to the states for social servcies.

The primary effect was a refinancing of existing state programs and a lack of substantive federal accountability in the guise of flexibility of design. Even today, the legislative proposals before this sub-committee do little to correct fundamental defects. They are just technical program amendments, which continue to offer contradictory messages—i.e. more federal regulations and more flexibility. NASW supports many of these amendments as improvements of the current program. However, the amendments will not make Title XX the central, leading service program nor promote coordination with other services, and neither good planning nor good evaluation. Even the federal ceiling increases for the past three fiscal years has only served to catch up with inflation. Thus, if the current temporary increases are not reauthorized, the states' allotment will revert back to the original formula, followed by massive program cutbacks. In sum, the original expectations have not been fulfilled. This program critique has been ambly discussed at Title XX symposiums and workshops about the country in the last two years and in various studies with no noticeable effect on public program policies. We believe it is time for strong leadership requirements on behalf of Title XX, not just more money. We have three major recommendations:

Initiation of oversight hearings by this subcommitte;
Targeting of a portion of additional money for planning and evaluation; and,
Improved accountability for federal spending.

INITIATION OF OVERSIGHT HEARINGS BY THE SUBCOMMITTEE ON PUBLIC ASSISTANCE

For reforms to take place, title XX needs to become a public issue. Only a well thought-out process for hearings can accomplish it. These current hurried hearings do not provide an adequate forum for a meaningful look at the program. Under these circumstances, even the lifting of the cap is easily transformed into an issue of fiscal relief which maintains federal program support levels rather than advance the service's goals.

Our growing fear is that some day soon title XX will be attacked as an ineffective and unresponsive social services system. Then, unhappily, the wrong people will gloat "another social social welfare program which does not work," and seek to undermine it. But, this subcommittee, with no legislative intent in mind, can evaluate title XX in a rational manner. The continued strong support of the chairman and other advocates on the subcommittee will insure a helpful and constructive disposition likely to promote a creative discourse.

The oversight hearings can be planned for a less pressing time. The Government Accounting Office (GAO), the HEW Inspector General's Office and the Congressional Budget Office can be asked to review the program and report their findings. It could also be the place for HEW to issue their long-awaited special report. Then, perhaps, we can turn to making this piece of legislation work the way congress originally intended.

TARGETING ADDITIONAL MONEY FOR PLANNING, EVALUATION AND TECHNICAL ASSISTANCE

A major obstacle at the State level is the lack of resources for evaluative efforts. With funding available, states would be more inclined to develop measures of outcome. Planning also requires additional funds. New resource allocations by the states are not politically feasible in an inflation-ridden economy. With additional monies a human services planning process can begin which goes beyond mere refinancing of services. Finally, the capacity of the lead federal agency, the administration of public services of the Office of Human Development Services needs to target resources for technical assistance to the states with their planning process.

IMPROVED ACCOUNTABILITY FOR FEDERAL SPENDING IN TITLE XX

Both on the budget and program level, the reporting systems do not amass data which can be useful in tracking program expenditures and services. The comprehensive annual services plan (CASP) is less a plan than a recitation of services provision intentions. And, there is no on-going monitoring mechanism for management control.

Congress should mandate within OHDS/APS the establishment of a monitoring system to collect information useful in management of the programs. However, such a requirement calls for state information systems which can amass large amounts of data for reference and lead to a common definition of services. While there are efforts underway in the states to set up such systems, they need to be encouraged with additional funds, if necessary.

Other recommendations which NASW believes will enhance the goals of developing a comprehensive social services delivery system are,

The federal spending ceiling should be increased to at least the 2.9 billion dollars fiscal year, 1979, allotment to the states and be made a permanent minimum, with 3.1 billion dollars as proposed by this subcommittee targeted for development of effective management information systems, technical assistance at the federal level, and an on-going monitoring capacity.

There should be separate title XX allotments, outside the ceiling for the states, for Puerto Rico, Guam, and the Virgin Islands.

NASW is convinced that the reallocation of unused funds from one state to another will quickly become and obsolete issue and, therefore, sees little merit in changing the present provisions. The unused portion of any state allotment should be permitted to be carried over for use in the next fiscal year.

An option to establish a two year title XX program C A S P Plan should be permitted the states if a state is able to show it will use the additional period to produce and improve its planning process.

Allow the states to use title XX money for emergency shelter for adults and permanently extend certain services to alcholics and those with drug addictions.

With respect to the special training funds that are made available outside the title XX ceiling we recommend (that):

1. That if a cap has to be placed on the training program monies the cap should apply to general training rather than the in-service training of state employees;
2. That the state plan requirement in the CASP be utilized to control abuses of the training funds;
3. That prior to consideration of capping the open-ended training funds the manpower needs and utilization of state services programs be examined.

Finally, to date we have not seen any data which justifies placing a cap on training funds. The real question is how do we establish training priorities with title XX. Once more, flexibility is not a sense of direction. The political decisions at the state level often amount to uses which contribute very little to social work training. Many schools of social work are by-passed in this process. For these reasons we question the appropriateness of a cap at this time, until an attempt to work out a plan with the recipients of title XX training funds is tried.

With respect to title IV-A, Foster care and title IV-B, Child Welfare Services of the Social Security Act, the administration's proposal as well as bills introduced by Mr. Brodhead (HR1291) and by Mr. Miller (HR1523) provide for substantially the same reforms. The experience of the last two years when legislation directed at the abuses of foster care and the misdirection of child welfare services became embroiled in a debate which did not aid its promotion in the U.S. Senate almost makes us willing to accept any proposals which provide for,

1. Increase protection of children in foster care;
2. Expansion of subsidized adoption provisions; and,
3. Full funding of IV-B at the present authorization level as an entitlement.

We also strongly support Mr. Downey and Mr. Rangel proposal (HR 2684) requiring states to develop a written individualized management case plan for each child in foster care with provisions for establishing procedures for an impartial review periodically.

Thank you, Mr. Chairman. We continue to look to your leadership and that of the members of this committee again.

Mr. RANGEL. Someone testified that if you increase the family's basic income, you would need a lot less social workers.

Mr. LOURIE. Agreed.

Mr. RANGEL. Thank you very much.

Mr. LOURIE. As a matter of fact, someone earlier asked a question of someone as to whether or not there was evidence of that, and there is a lot of evidence about that.

A fellow named Brimmer over in Hopkins produced a tremendous amount of the best data we have on what happens to people that is different in terms of unemployment and recession that, Congressman, overwhelm families, and so forth. And he came up with a lot of data that is pretty hard. And it shows a lot of mental breakdowns, depression, frustration, broken families, and so on, arise out of the economic circumstances.

And I think there is a lot of evidence that shows a lot of displaced children from broken families are affected by this. And I do not think there is any substitute for that.

I think probably the reason we do not say it is because we start with the assumption that everybody knows that to begin with. But there is no question that the greatest mental health problem in the United States is poverty.

Mr. RANGEL. Thank you.

Next we have Dr. Ian Morrison, president, National Association of Homes for Children.

STATEMENT OF IAN MORRISON, PRESIDENT, NATIONAL ASSOCIATION OF HOMES FOR CHILDREN

Mr. MORRISON. Thank you, Mr. Chairman.

Mr. RANGEL. We have your prepared statement. We will have the full statement entered into the record.

Mr. MORRISON. I believe you have our statement for the record.

I represent the National Association of Homes for Children, which represents small, campus-type and nonprofit institutions and community-based homes throughout the United States. Without exception, the member organizations are governed by voluntary lay boards throughout the country.

The association I represent endorsed the purpose of the legislation in the hearing conducted by the Subcommittee on Public Assistance of the Senate Finance Committee in 1977. We pointed out at that time what we believed were some biased assumptions within the legislation, and some of those assumptions were challenged this morning by individuals such as Joe Pisani and Ms. Anna Kline of New Jersey.

We continue to support the general purpose of the reform legislation contained in H.R. 1291 and H.R. 1523. And from the basis of our rather lengthy experience in caring for and treating children, we urge modifications in what we perceive to be the future results of some of the provisions in the proposed legislation before this committee.

To be specific, the National Association of Homes for Children supports:

Federal assistance for adoption subsidies for hard to place children;

Continued entitlement funding for eligible AFDC children who must be placed in a foster family or a nonprofit child care institution;

Effective preventive services designed to keep children with their own families;

Family reunification services; and

Systematic, impartial case review.

In addressing these and other provisions within proposed legislation, however, we believe that in specific areas modifications are called for, while in other areas certain assurances are required; otherwise the legislation will be perceived as accomplishing much when in reality it will have little substance. Thus, we here address the principal issues.

One, adoption subsidies:

(a) Since experience indicates that families of limited means are loathe to adopt hard to place children with handicapping conditions unless there is assurance of medical assistance, we urge that medicaid eligibility for adopted children with preexisting physical or mental ills be continued until age 21.

(b) The original House silence concerning means tests should continue. The Senate, in considering H.R. 7200, instituted a means test but such is counterproductive. Subsidies related to family income and family size insure a broader base of potential adoptive parents.

(c) Strong consideration should be given to the enactment of a separate and distinct adoption subsidies bill. The matter is too vital to be endangered by association with the complexities of the comprehensive reform approach to the child welfare system.

Two, SSA title IVA funding:

(a) The administration's proposed cap on AFDC-FC funds would be disastrous at a time of double-digit inflation and at a time when our economy promises to greatly increase stress on poor families thereby increasing the chances that children will be abandoned, abused, and neglected. It is so shortsighted that it is outrageous.

(b) The proposed eligibility for IVA funds of publicly operated child care institutions which serve no more than 25 resident children is superfluous.

We believe if community-based homes are necessary, and are necessary to expand that network that could be carried by voluntary services, and probably at less cost than it costs with public services, that we should go that route.

We are also not entirely sure that the mounting community resistance to such facilities is going to enable a network to be built for the needs that are facing us.

The definition of foster care maintenance payments must include——

Mr. Rangel. What is it that you are opposing? You are saying what you should not expect, but why do you find it unnecessary to have these child care institutions serve no more than 25 residents?

Mr. Morrison. Well, I think, sir, that heretofore in most of the country, except for initial grants, that community-based homes have been carried by the voluntary sector and not the public sector.

The Social Security Act so far has prohibited that kind of funding, and we believe that the voluntary sector is highly capable of carrying that load.

Mr. Rangel. I would not argue with you on that, but why do you oppose the public sector participating?

Mr. **Morrison**. Because we think it is generally so much more costly than when the voluntary sector does the same job.

Mr. **Rangel**. But in communities where you do not have the voluntary sector, then what do you do?

Mr. **Morrison**. I think the voluntary sector can meet that problem.

We find in areas throughout the country, in States such as Minnesota and Nebraska, Mr. Chairman, that there are voluntary organizations formed for the purpose of creating community-based homes.

Mr. **Rangel**. Sorry to interrupt you.

Mr. **Morrison**. The definition of foster care maintenance payments, we believe, must include in the case of institutional care the reasonable cost of administration and operation. This is a particular factor when the preventative services, which we will later address ourselves to, are taken into consideration.

AFDC-FC foster care funds should be available to support voluntary placements if a State is complying with the new section 427 of H.R. 1291 as modified by our comments elsewhere in this testimony.

We support a proposed amendment by yourself and Downey to provide for "grandfathering" voluntary foster care placement children into AFDC-FC eligibility following a 6-month's review.

Three, SSA title IVB funding:

(a) We fully support the increase to authorized funding of $266 million under this part as an entitlement program.

(b) We object very strongly to the prohibition against using any of the increased funds for foster care payments. Such a provision could be injurious to the interests of children in States which do not utilize IVA funding but rely on IVB funding for foster care placement. The provision presumes very dangerously that in such States there will not be an increased need for foster care in the years ahead—years in which our economy and society will traverse a course so uncertain and full of hazards that no consensus has yet evolved among economists and social theorists.

(c) The provision is further highly discriminatory against nonpoor families and children, that is, those who do not qualify for IVA funding because they are not AFDC eligible. This provision exacerbates the already intolerable position of the great body of taxpayers who earn enough income to be disqualified for public services but not enough to provide needed services for themselves. Many children of working-class and middle-income families need to be placed away from home for varying reasons and for varying lengths of time to benefit from the therapeutic educational and rehabilitative services our residential group care agencies provide.

If the children are from poor families they may be placed by States who are in turn reimbursed by IVA funds. If they are rich enough, they can be placed by families able to support the cost of care and maintenance. If, unfortunately, they are children of the vast middle range of families they can be supported only by IVB and/or title XX funds. Considering the lack of attention given to children by most States in title XX funds, such care is dependent on IVB funds.

(d) The provision would also prevent States from including in foster care rates the funds needed by agencies to comply with the foster care protection procedures mandated in the act, judicial review, case management and accountability systems, reunification services, et cetera.

And because of that expense, and it is a large expense, the provision in effect is counterproductive to the interests of the act itself.

And in this same vein, I would certainly endorse Senator Pisani's remarks this morning about the possible chaos resulting from a 6-month review, from a 6-month judicial review or administrative review rather than an 18-month review.

Those of us from New York who are intimately experienced with judicial review realize well the tremendous load that is placed on the agency at considerable expense.

Mr. Pisani described very well the number of people who have been present in a review hearing, particularly in a family court. The agency itself has to supply many of those professionals, including for every case worker in court it must provide legal counsel. And if money cannot flow to those agencies to carry their burden under these preventions, then they are going to be in serious difficulty.

With respect to caps, ceilings, and diversions of funds from foster care placement, let me say the following as explicitly as I can:

(a) The need for placement in residential group care settings is increasing and will increase dramatically.

(b) The children who now need and in the future will need such placement are adolescents, seriously disturbed and/or either status offenders or juvenile delinquents.

(c) This is a direct result of the national impetus to "deinstitutionalize," to remove from large, impersonal, publicly operated facilities the mentally ill, juvenile offenders, and status offenders.

(d) Such juveniles are now and will be the responsibility of social service departments.

(e) Such departments look to place these juveniles in our agencies. The Child Welfare League has been quoted as estimating a 40-percent jump in the foster care caseload.

Colorado is caught, says a State official, "in a cost-spiraling situation with the demand for foster care places exceeding the supply." If you want further confirmation that the need is increasing and will continue to do so, confer the oft-cited Bernstein report about foster care in New York City.

If you need still further confirmation, read the April 9, 1976, GAO report to the Congress by the Comptroller General which estimated that foster care services must be expanded 300 percent and which reported that in every county visited more facilities were needed for adolescents.

(f) Can reasonable men interested in meeting the needs of our Nation's children disregard such facts?

No. 5, language in both H.R. 1291 and H.R. 1523 requiring that each child be placed "in the least restrictive setting which most approximates a family" should be changed to "in the setting most appropriate to his needs in the judgment of the referral authorities."

My proposed changed language would incorporate the intent of the language now in the act. It also leaves the judgment about appropriateness of placement to the responsible professional placement authorities. The act's current mandate leaves no room for local professional judgment; it ignores the individual needs of children; it disregards the varying resources of individual communities.

It is apparent that new child welfare legislation will be introduced in the 96th Congress. Such legislation should not be perceived as our immediate solution or an end to the complex issues surrounding the foster care system in America. We look forward to working with Congress to arrive at workable legislation.

In urging your consideration of these recommendations, I would further remind you that there is a large, 150-year-old network of charitably funded facilities, still freely available. This network of nonprofit facilities, governed by our Nation's churchmen and other committed citizens, is staffed with trained, experienced professionals who have developed a stronger code of ethics and stronger standards for the foster care of children than even conceived by the Federal Government or most States.

In addition, this group of experts has devised a very effective means of monitoring adherence to these standards. This in-place resource, available in every section of the country, always at less cost than comparable public resources and often at no cost to the taxpayer, is too often overlooked here where concepts are almost always related to public dollars. This nonprofit resource provides continuity of administration, pioneering progress for children, and a conscious reflection of this Nation's emotional commitment to provide proper care for children in need.

Of course, this resource needs to be monitored just as any human service should be monitored. The Social Security Act has long mandated the State's responsibility to do so. Since the States neglected their duty, we devised our own monitoring system.

This strong resource should be utilized in legislation for children, not maligned or ignored. It continues to stand ready to provide effective help, if you will let it.

Thank you very much.

[The prepared statement follows:]

STATEMENT OF THE NATIONAL ASSOCIATION OF HOMES FOR CHILDREN

The National Association of Homes for Children represents small, campus-type non-profit institutions and community based homes. Without exception, the member organizations are governed by voluntary lay boards representing in those organizations, your constituents.

The National Association of Homes for Children has been represented as opposing precursor legislation (such as H.R. 7200) to that being considered by this committee. Congressman George Miller, author of H.R. 7200, H.R. 1523 and apparently a major contributor to H.R. 1291 in a by-line columb appearing in the Los Angeles Times on February 28 wrote that the sole opposition in the Senate to the Foster Care Reform Act (H.R. 7200) came from the National Association of Homes for Children. That is categorically untrue.

The Association I represent endorsed the purpose of the legislation in the hearing conducted by the Subcommittee on Public Assistance of the Senate Finance Committee. We did point out what we believed were biased assumptions within the legislation and challenged the credibility of much of the research on which the bill was based.

We continue to support the general purpose of so called reform legislation contained in H.R. 1291, H.R. 1523 and trust that we shall not be maligned or publicly ridiculed as obstructionists if, from the basis of our long experience of caring for and treating children we urge modifications or illustrate what we perceive to be future results of some of the provisions in proposed legislation before you.

To be specific, the National Association of Homes for Children supports:

Federal Assistance for Adoption Subsidies for Hard to Place Children.

Continued Entitlement Funding for Eligible AFDC Children who must be placed in a Foster Family or a Non-Profit Child Care Institution.

Effective Preventive Services designed to Keep Children with their own Families.

Family Reunification Services.

Systematic, impartial case review.

In addressing these and other provisions within proposed legislation, however, we believe that in specific areas modifications are called for, while in other areas certain assurances are required; otherwise the legislation will be perceived as accomplishing much when in reality it will have little substance. Thus, we here address the principal issues.

1. Adoption subsidies.

(a) Since experience indicates that families of limited means are loathe to adopt hard-to-place children with handicapping conditions unless there is assurance of medical assistance, we urge that medicaid eligibility for adopted children with pre-existing physical or mental ills be continued until age 21.

(b) The original House silence concerning means tests should continue. The Senate, in considering H.R. 7200, instituted a means test but such is counter-productive. Subsidies related to family income and family size ensure a broader base of potential adoptive parents.

(c) Strong consideration should be given to the enactment of a separate and distinct adoption subsidies bill. The matter is too vital to be endangered by association with the complexities of the comprehensive reform approach to the child welfare system.

2. *S.S.A. Title IV A funding*

(a) The Administration's proposed cap on AFDC-FC funds would be disastrous at a time of double-digit inflation and at a time when our economy promises to greatly increase stress on poor families thereby increasing the chances that children will be abandoned, abused and neglected. It is so short-sighted that it is outrageous. I applaud the continued open-ended funding in H.R. 1291.

(b) The proposed eligibility for IV A funds of publicly operated child-care institutions which serve no more than twenty-five resident children is superfluous, unnecessary and duplicative of existing facilities created and supported with charitable funds. It raises expectations of a network of so-called community-based small residential centers which any knowledgeable, candid professional will tell you is a chimera at a time when community resistance to such facilities is approaching a groundswell of negativism.

(c) The Definition of Foster Care Maintenance payments must include, in the case of institutional care, the reasonable costs of administration and operation.

(d) AFDC-FC foster care funds should be available to support voluntary placements if a State is complying with the new Section 427 of H.R. 1291 as *modified* by our comments elsewhere in this testimony. We support a proposed amendment by Representatives rangel and downey to provide for "grandfathering" voluntary foster care placement children into AFDC-FC eligibility following a six-month's review.

3. *S.S.A. Title IV B Funding*

(a) We fully support the increase to authorized funding of $266 million under this Part as an *entitlement* program.

(b) We object very strongly to the prohibition against using any of the increased funds for foster care payments. Such a provision could be injurious to the interests of children in States which do not utilize IV A funding but rely on IV B funding for foster care placement. The provision presumes very dangerously that in such States there will not be an increased need for foster care in the years ahead—years in which our economy and society will traverse a course so uncertain and full of hazards that no consensus has yet evolved among economists and social theorists.

(c) The provision is further highly discriminatory against non-poor families and children, i.e. those who do not qualify for IV A funding because they are not AFDC eligible. This provision exacerbates the already intolerable position of the great body of taxpayers who earn enough income to be disqualified for public services but not enough to provide needed services for themselves. Many children of working class and middle income families need to be placed away from home for varying reasons and for varying lengths of time to benefit from the therapeutic educational and rehabilitative services our residential group care agencies provide. If the children are from poor families they may be placed by States who are in turn reimbursed by IV A funds. If they are rich enough, they can be placed by families able to support the cost of care and maintenance. If, unfortunately, they are children of the vast middle range of families they can be supported only by IV B and/or Title XX funds. Considering the lack of attention given to children by most States in Title XX funds, such care is dependent on IV B funds.

(d) The provision would also prevent States from including in foster care rates the funds needed by Agencies to comply with the foster care protection procedures mandated in the Act (judicial review, case management and accountability systems, reunification services, etc.). The provision, in effect, is counter productive to the interest of the Act itself.

4. With respect to caps, ceilings, and diversions of funds from foster care placement, let me say the following as explicitly as I can:

(a) The need for placement in residential group care settings *is* increasing and will increase dramatically.

(b) the children who now need and in the future will need such placement are adolescents, seriously disturbed and/or either status offenders or juvenile delinquents.

(c) This is a direct result of the national impetus to "deinstitutionalize", to remove from large, impersonal, publicly operated facilities the mentally ill, juvenile offenders and status offenders.

(d) Such juveniles are now and will be the responsibility of social service departments.

(e) Such departments look to place these juveniles in our agencies. The Child Welfare League has been quoted as estimating a 40 percent jump in the foster care caseload. Colorado is caught, says a State official, "in a cost spiraling situation with the demand for foster care places exceeding the supply." If you want further confirmation that the need is increasing and will continue to do so, confer the oft-cited Bernstein Report about foster care in New York City. If you need still further confirmation, read the April 9, 1976 G A.O. Report to the Congress by the Comptroller General which estimated that foster care services must be expanded 300 percent and which reported that in every county visited more facilities were needed for adolescents.

(f) Can reasonable men interested in meeting the needs of our nation's children disregard such facts?

5. Language in both H.R. 1291 and H.R. 1523 requiring that each child be placed "in the least restrictive setting which most approximates a family" should be changed to "in the setting most appropriate to his needs in the judgement of the referral authorities." My proposed changed language would incorporate the intent of the language now in the Act. It also leaves the judgement about appropriateness of placement to the responsible professional placement authorities. The Act's current mandate leaves no room for local professional judgement; it ignores the individual needs of children; it disregards the varying resources of individual communities.

Apparently new child welfare legislation will be introduced in the 96th Congress. Such legislation should not be perceived as our immediate solution or an end to the complex issues surrounding the foster care system in America. We look forward to working with Congress to arrive at workable legislation.

In urging your consideration of our recommendations I would further remind you that there is a large 150-year old network of charitably funded facilities, still freely available. This network of non-profit facilities, governed by our nation's churchmen and other committed citizens is staffed with trained, experienced professionals who have developed a stronger code of ethics and stronger standards for the foster care of children than even conceived by the federal government or most states. In addition, this group of experts has devised a very effective means of monitoring adherence to these standards. This in-place resource, available in every section of the country, always at less cost than comparable public resources and often at no cost to the taxpayer, is too often overlooked in this Capitol where concepts are almost always related to public dollars. This non-profit resource provides continuity of administration, pioneering progress for children and a conscious reflection of this nation's emotional commitment to provide proper care for children in need.

Of course, this resource needs to be monitored just as any human service should be monitored. The Social Security Act has long mandated the state's responsibility to do so. Since the States neglected their duty, we devised our own monitoring system.

This strong resource should be utilized in legislation for children, not maligned or ignored. It continues to stand ready to provide effective help, if you will let it.

Mr. CORMAN. Thank you very much for your testimony. We appreciate it.

Our next panel of witnesses will consist of Patricia A. Langley, Washington representative, Office of Governmental Affairs, Family Service Association of America, also representing National Council of Family Relations, American Association of Marriage and Family Therapists, and American Home Economics Association; Sally Orr, consultant on advocacy; and Dr. Helen McDaniel, vice president, National Conference of Catholic Charities.

STATEMENT OF PATRICIA A. LANGLEY, ON BEHALF OF THE COALITION OF FAMILY ORGANIZATIONS

Mrs. **LANGLEY**. Thank you, Mr. Chairman.

I am Patricia Langley, representing the Coalition of Family Organizations which is composed of the American Association for Marriage and Family Therapy, the American Home Economic Association, the Family Service Association of America, and the National Council of Family Relations.

These organizations have a combined professional membership of over 50,000 persons and board membership of over 10,000. Our organizations have come together in a commitment to improving family life. The Coalition is comprised of educators, therapists, counselors, and other related professional specialists. I am pleased to have the opportunity to appear before the subcommittee today on behalf of the Coalition.

The bills which are the subject of this hearing raise a number of issues related to the social service system as financed by title XX and title IV B of the Social Security Act.

I will limit myself to a commentary on the provision of services directed to families. In general, members of the Coalition of Family Organizations are interested in those services which strengthen and support the family entity. In this respect, we are obviously interested in programs whose policy is to prevent the need for care which substitutes for the family and programs to return family members home if possible. Of great concern to us too are programs designed to maintain children in a family setting, either natural or adopted.

With regard to title XX, we support this subcommittee's proposal to the Budget Committee to increase the social services ceiling to $3.1 billion because we think many of the title XX services programs need additional Federal financial support to meet justifiable needs.

In particular, we hope that an increased ceiling might serve to stimulate growth in family services. These services would include family counseling, marriage counseling, adoption services, child welfare services to present foster care placement and maintain children in their own homes, mental health-related services, and homemaker and other home-based services. And we strongly endorse the administration's proposal for the inclusion of emergency services for adult victims of spouse abuse under title XX.

While we are fully supportive of all elements of the social services program, such as child care and protective services, individualized services to the aged and disabled and health services, we are compelled to stress the importance of service programs whose goal is preserving the family as an entity.

The Federal program arsenal is replete with assistance in the form of categorical aid to individuals suffering some form of illness, disability or other life crisis leading to vulnerability or dependency. While each of these programs may pay some attention to the family problems related to that set of circumstances, the family is clearly a secondary concern. There is no single category of Federal assistance whose purpose is service to the family and preservation of it as a significant social unit. Title XX comes closest to this type of program but it is a general social service program, not a categorical one.

Our major suggestion, besides our support for increased Federal financing of this program, is that the goal statement, which is the major Federal limitation on the scope of services under title XX be revised to emphasize specifically as the sixth basic goal of title XX: Preserving and strengthening family life

Presently, the only reference to families in the goal statement is as functionally related to the objective of preventing or remedying abuse and exploitation of adults and children.

In that context, a family goal is a remedial service aimed at reuniting or rehabilitating families where abuse or exploitation are present. The maintenance of family life as a service goal under title XX should involve much more than such a limited approach will allow.

There are many situations in which marriage and family counseling and educational and preventive services are vitally important to families. It is of fundamental importance that the priorities within the title XX goal structure provide the opportunity for program development which focuses on the needs of families in a central way—not as tangential to abuse problems alone.

For example, the high rate of marital breakup resulting from economic and emotional problems as well as alcholism and mental illness cannot and should not be addressed in the context of "protection of children and vulnerable adults from abuse, neglect or exploitation."

Such a goal does not match reality. Effective marriage and family counseling must, for example, focus on the family entity. Such a focus is not now likely under the existing title XX goal structure. We believe that such a goal commitment would be an important statement of Federal policy about families, and it would not cost the Federal Treasury.

With regard to child welfare legislation, we are very supportive of many elements in H.R. 7200 as reported by the Ways and Means Committee in 1978 and passed by the House. We are particularly supportive of provisions making title IV B an entitlement for $266 million and requiring for the maintenance of effort.

We are very supportive of the new definition in the House-passed bill that emphasizes services to identify and solve family problems in order to prevent family breakup and services to restore children to their natural families. We are also very supportive of the adoption subsidy provisions but do not think that they should be limited to only AFDC eligible children as is the case under the House-passed version of H.R. 7200 and H.R. 1523.

We would also urge the subcommittee to take whatever action is within its jurisdiction to see that medicaid coverage is continued for adopted children as it would be under the administration's bill.

We do not believe that there should be a phase-in or earmark of the title IV B funds as recommended by the administration. We believe that the States should be clearly authorized to use Federal title IV B funds for management systems and methods of tracking children, but an earmark of the first $66 million of increased Federal funds for this purpose seems somewhat arbitrary. States may well find that their particular foster care problem is best solved through services to families at risk of having a child placed rather than in tracking systems.

However, it needs to be clear that the basic purpose of the entire amount of additional Federal funds is to prevent unnecessary foster care placement and to strengthen the capacity for preventive services to families.

Thank you.

[The prepared statement follows:]

STATEMENT OF PATRICIA A. LANGLEY, COALITION OF FAMILY ORGANIZATIONS

I am Patricia A. Langley representing the Coalition of Family Organizations which is composed of the American Association for Marriage and Family Therapy, The American Home Economic Association, The Family Service Association of America and the National Council of Family Relations. These organizations have a combined professional membership of over 50,000 persons and board membership of over 10,000. Our organizations have come together in a commitment to improving family life. The Coalition is comprised of educators, therapists, counselors and other related professional specialists. I am pleased to have the opportunity to appear before the Subcommittee today in behalf of the Coalition.

The bills which are the subject of this hearing raise a number of issues related to the social service system as financed by Title XX and Title IV B of the Social Security Act. I will limit myself to a commentary on the provision of serviced directed to families. In general, members of the Coalition of Family Organizations are interested in those services which strengthen and support the family entity. In this respect we are obviously interested in programs whose policy is to prevent the need for care which substitutes for the family and programs to return family members home if possible. Of great concern to use too are programs designed to maintain children in a family setting, either natural or adopted. H.R. 7200 of last year and various bills proposed this year have this as their objective. Programs to enable aged and handicapped individuals to function independently and remain in living arrangements with their families are also significant to us. Obviously, preventive services such as marriage and family counseling designed to strengthen marriages and to maintain children in families are priority program areas. We would also like to see more state funding of Title XX money aimed at assisting parents to help their children. The need for such family life education services to families is clearly illustrated by this country's present epidemic of youth crises as manifested in runaways and pregnant teenagers. And family life education is also necessary to educate young adults as to the responsibilities and problems which must be dealt with in child rearing and maintaining family relationships.

I would now like to comment on specific bills and proposals.

TITLE XX LEGISLATION

Title XX is the Federal program which provides the major financial support for family services. Family counseling and related supportive services represent about 17 percent of Title XX Federal expenditures according to the May 1, 1978 Title XX Technical Notes of HEW. Home-based services such as home health aides, homemaker or chore services to enable disabled and aged individuals to live at home, often in family settings, represent about 13 percent of Title XX expenditures. The programs with the major increases in Title XX funding between fiscal year 1976–fiscal year 1978 were programs in which some form of care for children was provided such as day care, or substitute care. Some services, however, designed to maintain or support family life, such as adoption services, and counseling to unmarried parents decreased in the amount of Federal funds spent. The program with the greatest growth rate between FY 1976 and FY 1978 is, however, a service supportive to family life: home-based services.

We support this Subcommittee's proposal to the Budget Committee to increase the social services ceiling to $3.1 billion because we think many of the Title XX services programs need additional Federal financial support to meet justifiable needs. In particular, we hope that an increased ceiling might serve to stimulate growth in family services. These services would include family counseling, marriage counseling, adoption services, child welfare services—which prevent foster care placement and maintain children in their own homes—mental health-related services, homemaker and other home-based services. And we strongly endorse the Administration's proposal for the inclusion of emergency services for adult victims of spouse abuse under Title XX.

While we are fully supportive of all elements of the social services program, such as child care and protective services, individualized services to the aged and disabled, and health services, we are compelled to stress the importance of programs whose goal is preserving the family as an entity. The Federal program arsenal is replete with assistance in the form of categorical aid to individuals suffering some form of illness, disability or other life crisis leading to vulnerability or dependency. While each of these programs may pay some attention to the family problems related to that set of circumstances, the family is clearly a secondary concern. There is no single category of Federal assistance whose purpose is preservation of the family as a significant social unity. Title XX comes closest to this type of program but it is a general social service program, not a categorical one.

Our major suggestion, besides our support for increased Federal financing of this program, is that the goal statement, which is the major Federal limitation on the scope of services, be revised to emphasize specifically as the sixth basic goal of Title XX: "preserving and strengthening family life". Presently, the only reference to families in the goal statement is as functionally related to the objective of preventing or remedying abuse and exploitation of adults and children. In that context, a family goal is a remedial service aimed at reuniting or rehabilitating families where abuse or exploitation are present. The maintenance of family life as a service goal under Title XX should involve much more than such a limited approach will allow.

There are many situations in which marriage and family counseling and educational and preventive services are vitally important to families. It is of fundamental importance that the Title XX goal structure provide the opportunity for program development which focuses on the needs of families in a central way—not as tangential to abuse problems alone. For example, the high rate of marital breakup resulting from economic and emotional problems as well as alcoholism and mental illness cannot and should not be addressed in the context of "protection of children and vulnerable adults from abuse, neglect or exploitation." Such a goal does not match reality. Effective marriage and family counseling must focus on the family entity. Such a focus is not now likely under the existing Title XX goal structure. We believe that such a goal commitment would be an important statement of Federal policy about families; and it would not cost the Federal Treasury.

CHILD WELFARE LEGISLATION

We favor many elements in H.R. 7200 as reported by the Ways and Means Committee in 1978 and passed by the House. We are particularly enthusiastic about the provisions making Title IV B an entitlement for $266 million and requiring for the maintenance of effort. And, of course, we endorse the new definition in the House-passed bill that emphasizes services to identify and solve family problems in order to prevent family breakup. We urge an emphasis on services to restore children to their natural families. We are also very supportive of the adoption subsidy provisions but do not think they should be limited to only AFDC eligible children as is the case under the House-passed version of H.R. 7200 and H.R. 1523. We would also urge the Subcommittee to take whatever action is within its jurisdiction to see that Medicaid coverage is continued for adopted children as it would be under the Administration's bill.

We do not believe that there should be a phase-in or earmark of the Title IV B funds as recommended by the Administration. We believe that the states should be clearly authorized to use Federal Title IV B funds for management systems and methods of tracking children, but an earmark of the first $66 million of increase Federal funds for this purpose seems somewhat arbitrary. States may well find that their particular foster care problem is best solved through services to families at risk of having a child placed rather than in tracking systems. It needs to be clear, however, that the basic purpose of the entire amount of additional Federal funds is to prevent unnecessary foster care placement and to provide services to strengthen families.

Thank you.

Mr. **Corman**. Thank you.

Your full statement will go in the record.

STATEMENT OF HELEN McDANIEL, VICE PRESIDENT, NATIONAL CONFERENCE OF CATHOLIC CHARITIES

Mrs. **McDaniel**. I am Helen McDaniel, and I am executive director of the social service agency sponsored by the Catholic community of the diocese of Columbus, Ohio.

I am also first vice president of the National Conference of Catholic Charities. I also served on the committee that formulated the tracking plan in Ohio for children under our care.

First of all, Mr. Chairman, I would like to compliment you on your fortitude. I can readily say that, if I were in your district, you would have no trouble getting re-elected.

I don't mean to play one-upmanship, but the last gentleman before this committee said his organization is 150 years old. Catholic Charities is celebrating its 250th anniversary this year in this country, and we are having a big celebration here in Washington. You are invited to come.

The National Conference of Catholic Charities serves 1,000 agencies all over the country. We have family service and multiple service agencies and child caring institutions. But we are happy to say these have diminished in recent years, and we are pushing more and more strongly for those institutions to care only for children with special needs.

And we have a strong foster home program.

I would like to have my testimony submitted for the record, and also Mathew Ahmann's testimony of April 4, 1977, in which he, for the National Conference, did speak on the adoption of children with special needs.

Mr. **Corman**. Both statements will appear in the record.

You may summarize if you wish.

And the statement of Matt Ahmann will be placed in the record.

Mrs. **McDaniel**. We are totally in support of title IV B and IV A.

However, we do have some suggested changes. Under title IV A, we are strongly in favor of subsidizing the adoption of children who are in need of special placement; those children with special needs who also need full-time care in a family.

We know many young families need two incomes to survive in today's economy, with today's rate of inflation. Many proposed families for adoption cannot afford to have the wife stop working.

So therefore, we do believe that subsidized adoptions would help remedy that.

We know from our tracking record of many agencies in the entire country—and we are one of the few agencies to accept children with special needs, even though they are difficult to place—we know we could have a much easier job, and these children would have been placed earlier, if those adoptive families could have been subsidized with Federal moneys to carry through the full intent of rearing those children.

Also, we do think that possibly the amendment that Mr. Miller proposed, which would include those payments up through the full educational experience of those children, would be very appropriate.

We also do support Mr. Brodhead's bill, H.R. 1291, which contains the Senate provisions of H.R. 7200 from the last Congress.

I am glad you are back, Mr. Rangel. Some of our best friends are from New York, and some of them are still there. However, we are not in total agreement with you in regard to your amendment.

We feel that States can and do have the necessary funds to provide these institutional services.

We readily admit that New York is one of the most progressive States in the country in child care. We, however, through our services are very aware that many States are providing substandard child care services in their own institutions.

We think that possibly your amendment would be counterproductive and would lead those States away from the foster care provisions of title IV A and the services provisions of title IV B.

And we would hope that you would consider that because we don't think it as progressive as we would like, but think it could be rather regressive. If you would care to comment on that, I will explain it further.

Mr. RANGEL. No, ma'am.

Mrs. McDANIEL. We are in support, as I said, of title IV B with an upgrading of the child care services. We recognize they need to be fully upgraded.

We are in support of a $266 million figure, but we feel that it is still an inadequate sum, and we hope that if the tracking systems and the case management systems are included, the financing will not be taken out of the ceiling, but would be added as necessary, Mr. Chairman, in order to have a totally acceptable bill.

We are in support of title XX, and many of our agencies have coupled the private dollar with the Government dollar to extend services all over the country, not only in the urban areas but also in the rural areas.

We do have a network of family services that reach where many agencies do not go.

We fully support the private and public partnership in this, and we believe that many services have been and can be offered to people who would not otherwise get it.

We do feel very strongly that title XX was intended to expand services and not be just another way of funding public services.

We are in support of the $3.1 billion with the inflationary factors. We hope that will be passed.

We are very concerned about the tendency to earmark money. My colleague from Ohio, has recommended certain amounts of money going to the alcoholic and drug abuse program. We would normally be in favor of that if the additional funding is added to the ceiling. We do not believe that money can really respond to local planning if it is earmarked before it even gets there.

So if anything is to be allocated and earmarked, then we would hope it would be above the ceiling. And we do recognize that it is needed. Many programs are needed for protection of adults who cannot protect themselves.

We do have difficulty in the desirability of state planning being resubmitted every 3 years. We would like to see it for 2 years. We believe that more and more effort should be put into really having a State plan that complies with the planning of the local community.

We would also like to lend our support to the extension of those services and assistance to Puerto Rico, Guam, the Virgin Islands, and the Northern Marianas. Oftentimes they are forgotten in any service plan at a Federal level.

Mr. Chairman, I have attempted to summarize this. Although it is a little late, and I had intended to do this in the beginning, I would like to introduce you to Monsignor Corcoran, our National Director; Dorothy Daly, who is on our staff for social services; and Matt Ahmann, who is a associate director for governmental relations. If you have any technical questions, they will back me up in helping to explain it to you. Thank you very much.

[The prepared statement and attachment follow:]

STATEMENT OF HELEN MCDANIEL ON BEHALF OF THE NATIONAL CONFERENCE OF CATHOLIC CHARITIES

My name is Helen McDaniel and I am Executive Director of the social service agency sponsored by the Catholic community of the Diocese of Columbus, Ohio, as well as a Vice President of the National Conference of Catholic Charities on whose behalf I appear here today. Accompanying me are Msgr. Lawrence J. Corcoran, Executive Director of the National Conference of Catholic Charities, and Dorothy Daly, Associate Director for Social Services for our Conference.

The National Conference of Catholic Charities serves about 1,000 agencies and institutions throughout the United States. This network of service agencies sponsored by the Catholic community is the largest non-governmental effort in the field of the human services in our country. All of our member agencies are involved in multiple programs and in helping to meet the many human needs which would be affected by the legislation before your Subcommittee.

Chairman Corman, we are deeply indebted for your leadership in the important field of human services, and for the contributions made by the other members of this Subcommittee. We hope that what you will legislate in this first session of the 96th Congress will spark a response in the Senate Finance Committee, so that we do not have to suffer the disappointment of the 95th Congress when the human services languished until the end, only to die in the subaltern politics of the last days. The modest improvements in the programs needed to support those most hurting in our society deserve a quicker and more dignified response.

We are happy to present our views on needed improvements in foster care (Title IV A of the Social Security Act), in child welfare services (Title IV B of the Social Security Act), in the social services generally (Title XX of the Social Security Act), and we are happy to have the opportunity to testify in support of a provision for subsidy to improve the chances for adoption into permanent, loving homes of children with special needs who might otherwise languish in temporary or institutional care. At the outset we would like to observe that the most generous legislative proposals before you are miniscule in terms of the pressing needs of families and children in anguish. It is unfortunate that people in anguish are made to carry so much of the burden of our nation's economic difficulties when they are in no way responsible for the economic problems. In fact, it has been aptly demonstrated by Dr. Harvey Brenner of Johns Hopkins, and others, before the Joint Economic Committee of Congress, that the human suffering the social services try to alleviate have in large measure been created by inequities in the economic system.

We have examined the various bills which are the subject of this hearing, and the memorandum from the Administrator of March 19, 1979, and will group our comments on Title IV A, Title IV B and Title XX of the Social Security Act. We regret that the Administration had not introduced legislative language on its proposals so we could give them more thoughtful analysis. It is hard to understand why there has been such a delay on the part of the Administration since all of the proposals before you were also before the last Congress.

TITLE IV A

The major proposals before you relative to Title IV A deal with the need to provide Federal assistance in the adoptive placement in permanent, loving homes of children with special needs who are rejected or not able to be maintained in the home of their biological parent or parents. The National Conference of Catholic Charities has worked on this legislation for 6 years, beginning with the initial introduction of its provisions by Senator Cranston. The major piece of the original proposals to improve adoptions in our country remaining unlegislated is the provision of assistance to subsidize meeting special needs. In this connection we endorse the provisions of Mr. Brodhead's bill (H.R. 1291) which contain the Senate provisions of H.R. 7200 from the last Congress. We would urge you to add to the Brodhead provisions the provision in Mr. Miller's proposed Sec. 411 (a) (from H.R. 1523) which would extend eligibility "for payments under this section during such period as the adopted child is either under the age of eighteen or is under the age of twenty-one and . . . . . a student regularly attending a school, college, or university, or regularly attending a course of vocational or technical training designed to fit him or her for gainful employment."

The need for special subsidy payments to secure adoption of children with special needs is well documented, and we will not go into the evidence here. We do, however, append our testimony before the Subcommittee on Child and Human Development of the, then, Committee on Human Resources of the Senate of April 4, 1977, and ask that it be included in the record as offering documentation for the need for this amendment to Title IV A.

We are aware that in an unsigned memorandum of March 19 of this year the Administrator suggested the creation of a new Title IV E to the Social Security Act, which would apparently combine foster care payments and an adoption subsidy program. We can see merit in eventually consolidating all child oriented services outside of the Title IV financial assistance title, but there are two strong arguments against such approach at this time.

First of all none of the groups providing adoption or foster care services have had an opportunity to see the Administration's legislative language, despite the fact that the current administration has had over two years to develop it, and the Department of HEW some 6 years.

But secondly, and of most importance, it is time that this modest package designed to give children loving and permanent homes gets turned into law in the quickest possible time. It is one of the links in an important network of legislation designed to help children and families in the future. Indeed, we strongly urge this Subcommittee to mark-up the adoption subsidy program as a separate piece of legislation and get it sent over to the Senate Finance Committee at the earliest possible moment. In the six years this legislation has been caught up in differences on other programs, some 100,000 children may have been denied permanent loving parents. There is no longer any excuse for delay.

One other issue, raised previously in respect to Title IV A troubles us. In the last Congress the distinguished Mr. Rangel offered an amendment to AFDC-foster care which would have permitted the States to provide foster care for up to 25 children in institutional settings administered by the States. It was an amendment adopted hastily in this Subcommittee's mark-up with no supporting testimony. And it crops up again in the Administration's memorandum. It was an unwise amendment, and we hope the Subcommittee will not consider it again. We are all determined to improve foster care protections so as to move children as rapidly as possible back into their families, or into other permanent care. Still it is recognized that some children will need long term or permanent institutional care; we mean only where it is appropriate care, and only where it is in appropriately sized administrative and care units.

But with all the problems we have in improving foster care practices, and reducing institutional care to only that which is appropriate for children with special needs, to permit Federal reimbursement for institutional care in State run settings would only complicate and retard or prevent improvements. There are institutional foster care problems in many State which the States themselves have done an inadequate job of monitoring and improving in private settings. Now if you permit the States to provide such care, who is to monitor them? We have sufficient problems in other state institutional systems around the country without now providing Federal reimbursement to extend the chances for such bad practices into child care.

Also relative to the proposals on Title IV A, we wish to note our support of the voluntary foster care placements which would be permitted under the amendments proposed by Mr. Brodhead and Mr. Miller.

Finally, we note that in its proposal to transfer the AFDC foster care program to a new Title IV E, the Administration would impose a ceiling on foster care payments. As we indicated earlier, it is difficult to comment on the overall proposal of the Administration because we have not been furnished legislative language. But we would oppose the imposition of a ceiling until the new foster care protections were worked into the system, and until we had some experience with the adoption subsidy program.

TITLE IV B

There are several matters before this Subcommittee relative to Title IV B, the child care services title of the Social Security Act.

We strongly endorse turning the title into an entitlement to the States to provide essential child care services up to the original authorization of $266 million, and as yet inadequate sum. And we are in support of the kinds of protections introduced by Congressman Miller of California and Congressman Brodhead of Michigan, to improve the chances for children in temporary care to get into a permanent loving family situation, their own biological family if at all possible. There is no doubt that there have been inadequate case management and tracking systems, and a lack of due process in past practices, even though we observe a quickening of improvement in many states in the past several years. We also strongly endorse the provision for preventive services in the first place, so no child is removed from his or her own home, except in an extreme emergency, unless all support services have been offered to that family and child to work out their problems.

Relative to the use of the funds under Title IV B, we urge that the committee consider enlarging the entitlement to cover the administrative and foster care systems costs which would be added by these amendments. If that is not possible at this time, we strongly urge that there be a guarantee that 75 percent of the funds be used for the actual provision of services, rather than letting the other costs cut into what were originally, we believe, considered to be service funds.

TITLE XX

We will divide our comments on needed Title XX amendments into two parts. As we do so, we want to observe that in its present form we do not believe, on the basis of our experience, that Title XX represents the best possible in the way of Federal support for a social service strategy designed to meet exceptional, non-monetary needs of those who need special assistance.

The foundation for our concern is based on the proposition on human rights advanced in our religious tradition on the statement of Pope John XXIII in his well known letter entitled "Pacem in Terris": "Beginning our discussion of human rights, we see that every person has the right to life, to bodily integrity, and to the means which are necessary and suitable for the proper development of life; these are primarily food, clothing, shelter, rest, medical care and finally the necessary social services.".

Pope John Paul II has, in a sense, expanded on that exposition by observing in his first letter, or encyclical, of March 4th of this year that: "(w)hat is in question is the advancement of persons, not just the multiplying of things that people can use. It is a matter—as a contemporary philosopher has said and as the Council has stated—not so much as 'having more' as of 'being more'."[1]

Herein, we believe, lies the true promise of the provision of the "necessary social services."

Immediately at hand are the amendments to Title XX proposed in your bill (H.R. 2724), Mr. Corman.

The proposal you advance to increase the funding for social services from the existing $2.9 billion to $3.1 billion with continuance on a permanent basis of the special funding to help States meet necessary Federay day care standards, is modest, but worthy of support as a beginning to boost the funding at least to the level which would enable it to catch up with the increase in the cost of those services due to inflation since Title XX was enacted. We also support the provision to index the spending under the titles to the modest 7 percent a year, which is below the President's proposed ceiling on salary increases.

While we approve the provision to require the States to consult with the elected officials of general purpose local governments as to the elements of the service plan, we would hope that the elected legislative bodies of such units would also be consulted, and most of all we urge that the consultation, already permitted under current law, will be required to be concurrent with the rest of the planning process, so that the elected officials will not have their voice raised in veto above the rest of the citizen consultation process.

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[1] *Redemptor Hominis*; John Paul II; p. 51 of the print of the Vatican Polyglot Press.

We have no difficulty seeing the desirability of permitting State plans for services to correspond with State fiscal years, and with at least a two-year State legislative process, as long as there is opportunity to comment at the mid-point, but we would oppose what we understand is an Administration proposal to permit such plans to run for three years.

We support the permanent extension of the provisions offering special services to alcoholics and drug addicts, and the provision to provide temporary shelter services to adults in danger of injury, neglect, maltreatment or exploitation. But we would observe here that there should be an additional increase in authorization for these purposes. We cannot understand how Congress can continue to add services to Title XX which could conceivably be funded under other legislation, even though for an emergency period they might sensibly be funded under Title XX, without increasing the available funding, particularly since almost all the States are presently at their spending ceiling under the act, and the amount of services, based on real dollar values, is decreasing.

We also support the amendment offered to extend assistance for social services, outside the current statutory ceiling, to Puerto Rico, Guam, the Virgin Islands and the Northern Marianas. We have advocated this for some time. We only observe that the modest assistance provided by the amendment is well below the per-capita financing provided the States.

Mr. Chairman, the National Conference of Catholic Charities appreciates the opportunity to comment on the legislative proposals before your Subcommittee.

ADOPTION OF CHILDREN WITH SPECIAL NEEDS—TESTIMONY TO SUBCOMMITTEE ON CHILD AND HUMAN DEVELOPMENT COMMITTEE ON HUMAN RESOURCES, UNITED STATES SENATE, APRIL 4, 1977, PRESENTED FOR THE NATIONAL CONFERENCE OF CATHOLIC CHARITIES BY MATHEW AHMANN, ASSOCIATE DIRECTOR

I am Mathew Ahmann, Associate Director of the National Conference of Catholic Charities. Monsignor Lawrence Corcoran, our Executive Director, regrets that he could not be here himself today to deliver this testimony in support of S. 961, as introduced by the Chairman, Senator Cranston, by Senator Riegle of this Subcommittee and by other members of the Senate. We hope that testimony today might encourage the Subcommittee to report out this modest proposal to meet a very special need of some children in our society—the need of children for permanent families.

The National Conference of Catholic Charities coordinates the Catholic Charities Movement and serves some 1,500 agencies and their branches and institutions in their effort to provide human services. Of our 147 member diocesan agencies, 91 percent have well-developed adoption services. 84 percent of them also have foster care programs.

We are pleased that the Subcommittee on Child and Human Development is again turning the attention of the Senate to the need of hard-to-place children for warm and loving family upbringing.

Because of Senator Cranston's courtesy, a preliminary draft of this bill was the first piece of legislation I worked on when I came to work for our Conference now four years ago. Broad consultation and hearings in the last Congress perfected the bill a great deal. We had hoped that the Subcommittee would have reported the bill last year, and the Senate passed it. The former Chairman of the Subcommittee, however, got caught up in an election. We hope the current hearing will demonstrate how needed the bill is to aid in the adoption of children with special needs. And we earnestly do hope that another election will not intervene before it becomes law. We deeply appreciate your interest Senator Cranston. Our agency experience leads us to agonize over the children who may have had to wait the last four years because the modest assistance which would be provided by this bill was not forthcoming.

There are those who feel that Congress should enact no new program, even a modest one, until the Department of Health, Education and Welfare can be completely reorganized. Testimony on this legislation in the last Congress demonstrated that there is a gap. Certainly the need of a permanent and loving home for a limited number of our nation's children should not wait for that day when all will breathe a sigh of relief that reorganization in HEW is finally complete and there is perfect integration in the delivery of human services. How long will children who suffer barriers to adoptive placement have to wait before they have permanent and loving families?

To protect the future of children, the cardinal principle is to insure that families have sufficient income, that family life is strong and healthy, and that children have the opportunity to grow up in the permanent security of a family environment. We are encouraged that the Administration has begun a study of options for welfare reform which we hope leads to a more adequate system of income maintenance, and one which respects the integrity and dignity of those in need. We look forward to the day when the Administration's proposal will be introduced into Congress. On the service side, we hope that when attention turns to improving Title XX of the Social Security Act, "preserving and strengthening family life" will be set as a specific goal, with mandated services, in a way in which the Title does not now do. We would also hope that the day would come when all Federal policy initiatives would be evaluated with their impact on children and family life in mind.

The "Opportunities for Adoption Act of 1977" (S. 961) has generally the limited focus of improving the adoption process, especially in the case of children who have special needs. The special needs of children arise from the accidents of birth, from problems of ill health or handicap, from inadequate parenting, from the inadequacy of our educational system, and from the structures of our society which treat families or children unjustly or place them in unusually stressful situations. Among these children are upwards of 100,000 (Senator Cranston's introductory remarks in the Congressional Record cited an estimate of 120,000) who are in need of permanent adoptive parents, but whose placement has been made difficult by their special need, or the lack of an adequate income in a family otherwise willing to adopt them, but who may have them in foster care. For example, Congresswoman Yvonne Burke, the House sponsor of this legislation, has reported that in California there are over 27,000 children in foster homes, many with special needs and therefore difficult to place in permanent homes. And California has one of the better functioning adoption subsidy laws.

The National Conference of Catholic Charities is in total agreement with the "Opportunities for Adoption Act," and as I have indicated have welcomed the opportunity to comment on previous drafts of the legislation. In our judgment the legislation has been perfected to such a degree that we would not be disturbed if it were reported out in its present form. We have made some recommendations to staff for matters which could easily be handled in the Committee report, and today will make just a few observations which we feel could constructively be still considered.

While the number of adoptive placements has been decreasing in our society for a variety of reasons, our agencies report a considerable number of children with special needs who are waiting for adoptive homes. In most cases, given the proper assistance and resources, permanent families would be available to these children.

In some cases biological parents find themselves unable to adequately care for a child with special needs because the financial situation of the family, or other problems, has produced internal family tensions, leading to foster care placement. While every effort to provide the services to strengthen that family must be made, with the objective or reuniting the family, in some cases the objective is not achieved and adoption will be preferable to permanent foster care.

In other cases foster parents are providing excellent parenting for a child, or for a sibling group, but neither they nor the children can make the relationship a permanently endurable one because of special obstacles to adoption, or because of special expenses the family is unable to bear.

In many instances a single biological parent is simply unable to care for a child and yet its special needs make it difficult to achieve an adoptive placement.

We find some families who desire to adopt but who cannot take on the burden of the special needs attendant on the adoption of some children. There may be unusual medical or social service needs; or in other cases perfectly acceptable parents simply do not have sufficient income.

Children may be hard to place in an adoptive home because of their age, or as the bill quite properly details, because of physical, emotional or mental handicap, or because of their race, or because they are members of a sibling group which should be kept together.

The fact is that a large number of children remain in foster care homes, with no permanent relationship with legal parents, and some remain, unnecessarily, in institutions. It isn't necessary to present your committee the case histories of children who are hard to place because they have special needs. You know the problems from other testimony the predecessor Subcommittee heard. The Child Welfare League's ARENA has case histories; we have them; others have them.

We do know from our agencies that an appropriate assistance program could provide most of these children with permanent loving parents. The experience of our agencies in those States which have begun subsidy programs on their limited means indicates that the programs do work. 39 States now have some sort of program, but the typical State subsidy is even below the foster care payment level. The elements outlined in S. 961, especially Section 4 relative to assistance and subsidies, are essential to enhance present State programs, and to stimulate the remaining States to adopt such programs. I would like to comment on several provisions of S. 961, especially the assistance provisions of Section 4.

We are pleased by the range of assistance to the adoptive process envisioned in Section 4(a)(1), and the provision here to help agencies meet the cost involved in the adoptive placement of children is very important since it is becoming increasingly difficult for families to meet all of the costs involved in the placement of a child who does not have special needs. It is not true, as some believe, that agency adoption programs pay for themselves. Many of the problems we have in the adoption field—including part of the gray market adoption problem—arise from inadequate resources on which agencies and parents can draw. More staff is needed, and in-service training is imperative, in the face of a rapidly changing adoption scene. Now that the rights of unmarried fathers are being clarified, the complications and costs of freeing a child for adoption, which were sometimes considerable before, have compounded and increased. The costs of locating and freeing children in need of adoption, as well as locating suitable adoptive parents can be considerable. We assume that the last part of Section 4(a)(1) would permit the expenditure of funds which are sometimes needed to pay for the trips of prospective adoptive parents to see children with special needs, whose adoption they are considering, who may be outside the States.

We have several comments on Section 4(a)(2). Adequate prenatal and postpartum care, including adequate nutritional care are essential for a trouble-free pregnancy and to prevent the many life-long problems which arise in children whose mothers have not received adequate nutrition and care in their prenatal days. Mothers who are not wealthy, or who do not qualify for medicaid, frequently cannot afford the kind of prenatal care they need. In the absence of a universal health insurance program, we feel that these pregnant women should be guaranteed adequate prenatal and postpartum care. I might observe here, in relation to the gray market adoption problems on which this Subcommittee has had hearings, that the promise of payment for full medical costs has been a factor in influencing women to move into independent adoptions.

If universal coverage for pregnant women is not able to be established at this point, we would like to urge strongly that such eligibility be granted to all pregnant women who are "considering" placing their children for adoption. We fear that the present language of this section relative to mothers who are "voluntarily planning" to place their children for adoption might have the effect of forcing an early decision on the prospective mother and weigh it in favor of release of the child.

If for some reason, which we cannot imagine, the bill cannot be so altered in markup, we would urge that the following language be placed in the report on the bill:

By using the phrase "voluntarily planning" in Sec. 4(a)(2) it is not the Committee's intent in any way to see any coercive pressure on prospective mothers to place their forthcoming child in adoption as opposed to retaining custody herself. Acceptance of such prenatal, natal or postpartum assistance as might be needed to assure safe delivery of as healthy a child as possible is not to impose a requirement that an adoption agreement be previously or subsequently entered into, and this should be made known to the prospective mother.

I would also mention our hope that the provision of medical and nutritional assistance, as well as other forms of assistance in the bill, will relieve prospective mothers from some of the tremendous social pressures to terminate their pregnancy by an abortion. In short, the availability of assistance as outlined in the bill, should help give prospective mothers a true choice in the face of a problem pregnancy.

Relative to Section 4(b)(1) we would suggest that the bill make more explicit the right of parents to certify a change in need and reopen the assistance agreement because of a change in circumstances or an emergency, or an increase in the cost of care. We also feel that this section, or the accompanying report should make it clear that the subsidy agreement reached in one State continues even if the child and adoptive family subsequently take residence in another State.

There is only one gap we see in the bill, and it suggests another item which might be added to Section 4(a). Some of our agencies in a few States find that a major block to the placement of children with special needs arises out of the fact that they are hard pressed to find funds to keep children in foster care while searching for adoptive parents. Some States are not paying for this temporary care through private non-profit agencies. As a result, because of the lack of private funds, the children are committed to the States. The process of transferring children to public agencies from the private sector results in additional delays in finding homes. Moving the child from one foster home to another does not help the child. Something should be done to provide the necessary funds for private agencies to care for the children who have come to their attention while they search for adoptive homes. I should make it clear that we do not feel it would be healthy for State agencies to exclusively dominate the adoption field.

In closing, we are pleased with the philosophy and direction of the proposed "Opportunities for Adoption Act." Its passage would mark a significant step forward in efforts to locate permanent homes for the many children with special needs.

At the same time, adequate prenatal and postpartum care, and an adequate adoption subsidy program should reassure mothers that others share their concern that their child receive loving care and maximum opportunity in life. Such a program should also help to relieve the pressures on mothers to secure an abortion, and should also help to eliminate the "black" and "gray" market adoption problems. On this latter matter, we hope soon to see legislation which will make it a crime to buy and sell babies, and which will prevent perhaps well-intentioned but certainly misguided and often incompetent persons from dealing in the placement of children, assuring the proper placement of the child through a licensed agency living up to standards.

We are grateful for the interest of the Subcommittee in highlighting the problems of finding permanent families for children with special needs. We believe this bill will strengthen the ability of local public and private agencies to place children in permanent, loving homes. We hope the bill is reported soon. Thank you.

Mr. RANGEL. Thank you. Monsignor and ladies, the full committee is very thankful and very aware of the contributions that have been made by your organization to assist us in drafting the legislation, rather than just helping us to get it passed. We are very appreciative of your efforts, and certain people in certain parts of the country do believe that having foster care for over 25 children in institutional settings would be beneficial. I will be taking more testimony on that from those in the city of New York.

Ms. McDANIEL. May I take 1 more minute? I am aware of what the Federal audits have been under title XX. And they have been largely financial audits to be sure the books are appropriate and so forth. It is very difficult to audit programmatic care and the quality of service. And we are very concerned with the quality of service in some of the public institutions, not all of them but many of them.

Mr. RANGEL. The smaller institutions?

Ms. McDANIEL. Yes; for example, in Ohio there are 88 counties. They are mandated by law to have a child welfare board and a children's institution if necessary in each county. They can use only persuasive powers if those institutions and services are not up to date. They can use only persuasive power with public institutions. But with the voluntary agencies they can actually take away our licenses. And they have admitted to me that they have a lot of difficulty and do put up with things in a public agency they would really never put up with in a private agency. And I think this should be certainly considered.

Mr. RANGEL. It just seems that the thrust of the opposition is that we are already doing a good job and we don't need any small public institutions out there. In most cases I feel we are being negative about something that is not locked into place. And I don't know whether the competitive nature of these types of services is bad or not.

Ms. **McDaniel**. Well, I really do not think it is a matter of competition. And one of our main goals and objectives is to form a network so all people get all the services. And we don't have to provide everything. We work very cooperatively with other people. But we are concerned about the standard and quality of care in some areas.

Mr. **Rangel**. Well, that is what I am saying: that all of the opposition that I have received has not really been specific. It is things that could happen or that people believe may possibly happen, such as providing care of a lower quality. If you could send me and the committee some information on this, I would certainly take another look at it.

Ms. **McDaniel**. I would be delighted to.

Mr. **Rangel**. I know it is not just a question of dollars and cents, but it does seem as though there would be a cost saving and that small institutions would provide a better service than the larger institutions.

Ms. **McDaniel**. If you could mandate that those agencies be licensed and would go out of business if they did not meet standards, that would be a safeguard. I think it is the safeguard we want more than anything. We do not want to restrict the establishment of these programs.

Mr. **Rangel**. I would have no problem with making certain that the standards are just as high as in the private sector. Would that remove your objection?

Ms. **McDaniel**. Yes.

Mr. **Rangel**. Thank you. Next we have Ms. Sally Orr.

Ms. **Orr**. Thank you. I am Sally Orr. I am consultant on advocacy to the Association of Junior Leagues. With me is Jane Erisman, chairman of the Junior League of Wilmington, Delaware's social services interest group. I am also submitting testimony prepared by Jeanette Dunckel of San Francisco, who is a member of the association's public issues committee. We are here today to register our support of child welfare legislation that would reform the foster care system to strengthen family life and provide protection to children, including the development of a strong subsidized adoption program.

I would like to summarize my testimony and present my written statement.

Mr. **Corman**. Did I understand you also would like to submit the statement of Ms. Dunckel?

Ms. **Orr**. If I could.

Mr. **Corman**. That will follow your prepared statement in the record.

STATEMENT OF SALLY ORR, CONSULTANT ON ADVOCACY, ASSOCIATION OF JUNIOR LEAGUES

Ms. **Orr**. And then Ms. Erisman will speak after I have spoken.

The Association of Junior Leagues is a nonprofit organization with 229 member leagues with approximately 125,000 individual members in the United States. The association's three-fold purpose is: to promote voluntarism; to develop the potential of its members for voluntary participation in community affairs; and to demonstrate the effectiveness of trained volunteers.

Before I comment on the child welfare proposals under consideration by this subcommittee, I would like to touch briefly on our support of proposed changes in title XX that would enhance the partnership between the public and voluntary sectors. The association's longstanding commitment to voluntarism is reflected in its endorsement of the statement submitted by the title XX task force of the National Assembly of National Voluntary Health and Social Welfare Organizations, Inc. in support of legislation that would require the title XX agency in each State to consult with the voluntary sector, to allow up-front provision of matching funds, and to provide training for volunteers serving in all capacities in provider agencies.

We are especially aware of the need to train volunteers effectively because our own experiences have proven that the use of trained volunteers is cost effective. Our commitment to effective training programs is reflected by the requirement that every junior league member must participate in a training program before she begins work in her community. The majority of junior league members continue to take training courses throughout their years of active league membership.

In addition, every junior league member must make a commitment to a volunteer position during her active years. A substantial number of junior league members today sit on the boards of other voluntary organizations throughout the United States because of the leadership training which their community volunteer experience has given them. Allowing title XX funds to be used for the training of volunteers could provide for the expansion of the type of training for effective volunteer work that has been developed on a pilot basis by junior leagues across the country.

Our commitment to the improvement of services for children also is longstanding. Junior league volunteers have been providing services to children since the first junior league was founded in New York City in 1901. Through the years, junior league volunteers have provided a variety of direct services to children, including the establishment of settlement houses, emergency shelters and day care centers. They have provided many services such as tutoring, counseling, and serving as case aides. However, it became increasingly apparent to us that our voluntary services were going to reach only a fraction of those in need.

We also were able to identify many unmet needs among those we serve. And so in the early 1970's, the association moved toward a program of advocacy on behalf of children. As a first step in this move toward advocacy a study was conducted that was conducted in 214 communities across the United States by junior league volunteers. A compilation of 70 of these surveys revealed an urgent need to reform the foster care system, to strengthen family life, and to provide a sense of permanency for children.

With technical assistance from the association, individual leagues engaged in a variety of activities ranging from the development of parenting courses and educational campaigns on child abuse to urging, and successfully securing, the passage of subsidized adoption programs and foster care review systems. The California league, for instance, supported the Family Protection Act that Jeanette Dunckel describes in her testimony. And I am happy to say the New Jersey State Public Affairs Committee is actively supporting the legislation to provide emergency assistance to families that Commissioner Kline mentioned today. This has been identified as a primary need because our advocates saw that many children were being unnecessarily placed because there were no emergency funds to pay the rent or put on the heat again when it was cut off.

Our advocates became increasingly aware that many of their activities were hampered by Federal fiscal policies that encouraged family breakup by providing easy access to foster care funds but providing little or no funding for preventative programs that would help families to remain together. There were also no Federal funds available to encourage adoption of children with special needs.

The growing awareness of the need for change at the Federal level led the delegates to the association's 1978 annual conference to vote that the association should "advocate to see that opportunities and services essential for the optimal physical, mental, and social growth of children are provided."

This winter the association's board moved to fulfill this mandate by voting support of legislation in child welfare reform and child health and establishing a legislative network to secure passage of legislation in these areas.

To date 56 junior leagues in various parts of the country and four State public affairs committees have joined this network.

Specifically, in the area of child welfare, we believe that any effective legislation must provide for:

Title IV-B of the Social Security Act as an entitlement program at its full authorization of $266 million.

Procedural safeguards for children in foster care.

Services to help families stay together as well as services to reunify families once placement has been made, or if reunification is not possible, the termination of parental ties and the establishment of permanency through adoption.

A strong subsidized adoption program that will provide subsidies and continue medicaid for children with special needs until the child is at least 18 years old.

We believe that it is essential that IV-B be made an entitlement to allow States to plan programs carefully and to allow advocates to monitor the implementation of reforms. Our experiences as advocates in the community have convinced us that States and localities will not plan ahead unless they can be assured that moneys will be available for new programs. We can attest to the difficulty of trying to monitor legislation and programs that are developed in response to last-minute congressional appropriations.

Making IV-B an entitlement program with the allocations tied to certain conditions mandated by reform legislation of the type under consideration by this subcommittee would assist greatly in ending abuse in the foster care system. It is, of course, important that new Federal moneys not be allowed to displace State and local expenditures for child welfare.

We are certain that the changes we support will cause a significant drop in foster care roles without the need to resort to the policy setting precedent of capping AFDC foster funds. We are pleased at the recommendations on the budget made by your subcommittee earlier in this session of Congress and commend you for your leadership and dedication to developing legislation that will provide better lives for some of our country's most forgotten and neglected children.

The first league to join our legislative network was the Junior League of Wilmington, Del. Its experiences with the children in placement project in New Castle County have convinced its members of the great need for the type of legislation that we are endorsing. We have asked Jane Erisman to give some highlights of her league's experiences. I want to thank you again for this opportunity to appear before you and to pledge the association's support of your efforts.

[An attachment to the statement follows:]

STATEMENT OF JEANETTE DUNCKEL, MEMBER, JUNIOR LEAGUE OF SAN FRANCISCO

The fifteen California Junior Leagues have a long history of involvement in direct service projects designed to strengthen the family and prevent unnecessary foster care placement. Many of these projects have begun as a response to the problem of child abuse and have grown to respond to the needs of families in stress. These Leagues were unable to send a representative today but would like to share with you some of their personal experiences.

The Oakland/East Bay Junior League responded first to the needs of abused children by establishing the Children's Trauma Center. Abused children are referred for treatment by local hospitals, and family members have available to them group and individual counseling and support from a parent aide. One Junior League volunteer parent aide has maintained her connection for four years with a women who originally referred herself to the Center for abusing her two year old. This volunteer believes that if that mother had not had the Center she would not have survived as a person. Four years later she is working and writing a book about her experiences. The abused child has been adopted by her foster family and a second child born shortly after the referral to the Center is thriving in the care of her mother.

From this project and a subsequent county-wide assessment, the Oakland/East Bay League saw the need for positive interventions for families with problems. They found a general lack of services for children and families. The League established the Family Stress Center in Contra Costa County last year, where support for families is currently available through parent education classes, and on the drawing board are plans to offer family therapy, counseling, respite care, and a parent aide and homemaker program. The goal is to reach families before their problems reach the point at which a child has to be removed from the family.

In 1976 the California legislature, with the active support of eight Junior Leagues, passed Senate Bill 30, the Family Protection Act. This act provided for a demonstration project of four years involving state and county financial cooperation to address the following problems as they related to abused and neglected children:

1. Lack of sufficient early intervention to assist natural parents experiencing family crises.
2. Absence of objective standards for removing a child from his home.
3. Inadequate legal counsel for parents and children.
4. Lack of structured case planning for children.

San Mateo County was chosen as one of two participating counties in the project, and the following family support services have been developed to facilitate family reunification: in-home caretaker, homemaker, respite care, emergency housing, parent support groups, legal representation for F.P.A. children, family therapy, emergency medical care and diagnosis. Members of San Francisco and Palo Alto Junior Leagues were instrumental in establishing, and continue to serve on, the Monitoring/Evaluation Committee for the project.

Ann Latta, a Palo Alto League member, has this to say about her experiences with this project.

"The biggest plus of the Family Protection Act is that children are no longer being lost in the limbo of foster care. Administrative and court reviews have been established. Contracts are signed and commitments are made by the family to help the child and all the family members. I have seen that social service agencies can enter a family because of the problems of one child and, if preventive and reunification services are available, move from there toward helping the family to cope as a whole. Through the Parent Support Groups I have come to know a woman who was reported for the neglect of her seven month old baby. The child was malnourished and was the size of a normal three month old. This woman was living in isolation, unable to care for herself, let alone her baby and two older children. She was relying on an alcoholic husband recently released from jail to relieve her in her child-caring duties. Services have been given this family to allow the mother to end her isolation. One child has been placed temporarily in foster care; the baby and the other child remain at home. The mother is learning social skills, how to care for herself and her children, how to think through situations instead of responding to crises. The other mothers in the Support Group are beginning to make social contacts with her, thus providing the support that in earlier times was provided by the extended family. The Family Protection Act is based on the premise that an abused or neglected child is best served by remaining with his family. Family units, as well as individual children are being counseled and strengthened. The single, most tangible result of the F.P.A. is that the family support services are keeping children out of institutions and foster homes."

Comparative statistics support Mrs. Latta's statement. Cynthia McKenna, the administrator of Children's Services in San Mateo County reports that the number of children in out of home placement in the county has gone from 637 in October, 1977 to 427 in February, 1979. Between January, 1978 and January, 1979 the foster home population has decreased by 14½ percent and the institutional population has decreased by 40 percent. The number of older children placed under legal guardianship of their foster parents, and therefore no longer supervised by the juvenile court, has increased by 16% in the same period. Mrs. McKenna points out that these options were always available, but the dramatic change in numbers is due to the requirement to act within the time limits for case review established by the Family Protection Act.

These are only two examples of Junior League involvement with the development of preventive services to families and children in California. Experiences such as these are among the reasons that eight Junior Leagues in California have joined the legislative network established by the Association of Junior Leagues to work for child welfare reform.

STATEMENT OF JANE ERISMAN, JUNIOR LEAGUE OF WILMINGTON, INC., WILMINGTON, DEL.

Ms. **ERISMAN**. I am pleased to have the opportunity to appear before you today and to share with you a project undertaken by the Junior League of Wilmington.

Our league has been actively involved in efforts for children since 1929, when we helped to found the Delaware School for Deaf Children. Through the years we helped to establish or implement: A service program for teenage unwed mothers that is now serving as a national model; centers offering diagnosis and guidance for development of children; and the "right to read" school volunteer program.

Some current efforts include a bimonthly child advocacy newsletter, cooperation on the development of a parenting manual, a foster care legislative advocacy for our league's legislation that provides for a foster care review system, as well as a guardian ad litem program, and a concern for children in placement project that is currently being concluded.

It is this last endeavor I want to describe. The Junior League of Wilmington was asked by a family court judge to undertake this study. The National Council of Juvenile Court Judges had sponsored 12 initial projects which had proved very successful. CIP is a review of the case records of children in foster care, for the purpose of screening out those cases needing immediate attention by juvenile court judges.

Thus far, 50 of our league's members have spent over 2,000 volunteer hours reviewing 650 children in New Castle County, Del.

We now have preliminary findings based on a statistically significant number of children.

I wish I could describe some actual cases to demonstrate the trauma many of these children suffer during their lives in foster care. However, all CIP volunteers have taken an oath of confidentiality which prohibits my discussing any individual cases.

What I can offer, based on our preliminary statistics, is a very distressing computer picture of the average child in foster care in New Castle County, Del. Since we have slightly more girls than boys in care, we have named our average child Jenny.

Jenny entered care when she was 5 years old because she was neglected. Her father was unknown or not living with the family. Her mother was between the ages of 26 and 40, unemployed, and emotionally troubled. Jenny has at least one sibling also in care, but not in the same home with Jenny.

Jenny is now 13 years old and has spent over 7 years in foster care. She has moved on the average every 2½ years, which means she has had to adjust to three different foster homes and families. Statistically she will be moved again within 2 months' time.

The initial placement goal for Jenny was to return her to her own mother. The current placement goal is permanent foster care.

The results of foster care for Jenny? Jenny's relationship, if one exists, with her biological family has been severely damaged by years of living apart.

Jenny is experiencing foster care drift, which is the aimless wandering from foster care home to foster home.

Return to her own mother is improbable and it is also unlikely that Jenny will be free for adoption since she is now a teenager and considered to be in the hard-to-adopt category.

Jenny is never certain where she will spend Christmas or her birthday or with whom.

The prognosis for Jenny? Jenny will be released from foster care in another 5 years when she is 18 and she will have no place to go. Jenny will have spent over 12 years in foster care and will have experienced five different foster homes and families.

Because of Jenny and the children she represents, the Junior League of Wilmington desperately feels the need for a strong Federal leadership to help these children in foster care. Lobbying experience with Delaware's General Assembly has taught us that our State legislators look first to the Federal Government for procedural guidelines and availability of funds in deciding the validity of proposed legislative reform.

For the achievement of a permanent home for children in foster care there are no Federal precedents which would serve as incentives and models for States. We need these procedural reforms to eliminate foster care drift, to stop unnecessary and inappropriate placements, and also to end the unnecessary years spent in foster care by hundreds of thousands of children.

We need Federal fiscal incentives for States to provide reunification of family services, programs emphasizing the prevention rather than crisis intervention, review, and tracking systems, and adoption subsidies. In particular we need title IV-B as entitlement so that State legislators can plan properly and advocates can demand necessary services.

With your interest and support we know we can help Jenny, who is really all the children in foster care today and tomorrow.

Thank you for your time and attention.

[The prepared statement follows:]

Statement of Jane Erisman, Member, Junior League of Wilmington Inc., Wilmington, Del.

I'm pleased to have the opportunity to appear before you today and to share with you the preliminary findings of a project undertaken by the Junior League of Wilmington.

Our League has been involved in efforts for children since 1929, when we were instrumental in helping to found the Delaware School for Deaf Children. Other projects have included: (1) cooperating in the establishment of D.A.P.I. (Delaware Adolescent Program, Inc.), a comprehensive program of services to teenage unwed mothers that is now serving as a national model; (2) helping to sponsor the Child Guidance Center; (3) supporting the establishment of the Child Diagnostic and Development Center of Delaware; and (4) helping to implement the "Right to Read" School Volunteer program.

Highlights of our current projects include: (1) the bi-monthly publication of a Child Advocacy Newsletter; (2) the development of a Parenting Manual, in cooperation with the Wilmington Medical Center, aimed at new parents of lesser reading ability and education; (3) working for the introduction and passage of legislative proposals our League has researched and written, dealing with a citizen review system for foster children and a guardian ad litem program; and the conclusion of a C.I.P. (Concern for Children in Placement) project.

It is this last endeavor, C.I.P., that I wish to describe. The Junior League of Wilmington was approached by one of our Family Court judges in the fall of 1977, and was asked to undertake this project. The National Council of Juvenile Court Judges had sponsored twelve initial projects which had proved very successful. C.I.P. is a review of the case records of children in foster care, for the purpose of screening out those cases needing immediate attention by juvenile court judges. Our particular project reviewed the case records of the Division of Social Services, our mandated service-providing agency for foster care children.

Fifty of our League's members have now spent over 2,000 volunteer hours reviewing a total of 650 children in New Castle County, Delaware. We began by compiling a master list of the children currently in foster care in our county, since the Division of Social Services didn't have, and still does not have, such a record.

The findings in each case are recorded on a computer form, using a number instead of the child's name. Delaware Trust is donating the personnel and the time to give us computer statistics. We now have preliminary findings, based on a statistically significant number of children, which we hope will serve to convince our legislators in Delaware of the need for reforms in our state's foster care system.

I truly wish I could describe some actual case histories to demonstrate the trauma many of these children suffer during their lives in foster care. However, all C.I.P. volunteers have taken an oath of confidentiality which prohibits my discussing individual cases.

What I can offer, based on our preliminary statistics, is a very distressing computer-picture of the average child in foster care in New Castle County, Delaware. Our present findings show slightly more girls than boys in care, so we have named our average child "Jenny".

STATISTICS

1. Age upon entering care: 5.8 years.
2. Reason for entering care: Neglect.
3. Father: Unknown, or not living with family.
4. Mother: Between 26-40 years of age, unemployed, emotionally troubled.
5. Siblings: At least one brother/sister, also placed in care, but not in the same foster home with Jenny.
6. Services offered to mother: A variety, but she either did not take advantage of them, or discontinued them, possibly due to a transportation problem or the inappropriateness of the services available.
7. Mother's visits with Jenny: Ranging from infrequent to no contact.
8. Current age of Jenny: 13.0 years.
9. Years Jenny has spent in foster care: 7.2 years.

10. Number of moves by Jenny in foster care: 2.9, which means that Jenny has had to adjust to 3 different homes and families. Statistically, she will be moved again in 2 months' time.

11. Initial placement goal: Return to own mother.

12. Current placement goal: Permanent foster care.

RESULTS

1. Jenny's relationship, if one exists, with her biological family has been severely damaged by years of living apart.
2. Jenny is experiencing foster care "drift", the aimless wandering from foster home to foster home.
3. If return to own mother is improbable, it is also highly unlikely the possibility of Jenny's adoption will be explored, since she is now a teenager and considered to be in the "hard-to-adopt" category.
4. Jenny is never certain where she will spend Christmas or her birthday, or with whom.

PROGNOSIS

1. Jenny will be released from foster care at age 18 for "independent living".
2. Jenny will have spent over 12 years in foster care.
3. Jenny will have experienced 5 different foster homes and families.

Because of Jenny and the children she represents, we desperately feel the need for strong federal leadership to help these children in foster care. Lobbying experience with Delaware's General Assembly has taught us that our state legislators look first to the federal government for procedural guidelines and availability of funds in deciding the validity of proposed legislative reforms. In the area concerning the achievement of a permanent home for children in foster care, there are no federal precedents which would serve as incentives and models for states.

We need these procedural reforms to alleviate foster care "drift", to stop unnecessary and inappropriate placements, and to end the unnecessary years spent in care by hundreds of thousands of foster children.

We need federal fiscal incentives for states to provide reunification-of-family services, programs emphasizing the prevention rather than crisis intervention, review and tracking systems, and adoption subsidies. In particular, we need Title IV-B as entitlement so that state legislators can plan properly and advocates can demand necessary services.

With your interest and support, we know we can help Jenny, who is really all the children in foster care today and tomorrow.

Thank you for your time and attention.

Mr. CORMAN. I have just one comment. You know someday we will have a bill on the floor of the House and not many people are going to understand what we are talking about today. The people sitting in this room and sitting at this table understand the complexity of the problems and I urge you to talk to your Congressman and tell him about Jenny. The Junior League is respected across the country for understanding the human aspect of the problem and I am sure you will be able to convey this to other Congressmen.

Ms. ORR. Mr. Chairman, I wanted to say that the purpose of our legislative network is to do just that. And you were kind enough to write to me after our president and the chairman of the Child Advocacy Committee wrote to you pledging our support. We have distributed that letter to all our network members. We are urging all our network members to contact all their Congressmen and all their Senators and tell them the story of the many Jennys that our league members have discovered in our advocacy role.

Mr. CORMAN. I appreciate sincerely the tremendous amount of work that has gone into what all of you are doing. I just want to make sure the decisionmakers here on the Hill hear about it.

Mr. RANGEL. I have no questions, Mr. Chairman. It is just hard for me to believe that with all these State legislators demanding that we balance the budget, there is so little being done in this area.

Of course it is very difficult to get votes here on the Hill. There are some powerful organizations that have a better handle on the members than we do. As the chairman pointed out, you cannot really explain this on the floor of the House when it is time to vote it up or down. We don't have the ability on this committee to compete with the Armed Services Committee. And that is the long and short of it.

Ms. **Orr.** I think the thing we need most in the Association of Junior Leagues is help from this subcommittee. And if you will let us know how we can help, I think we can be of help. We will certainly do our best.

Mr. **Rangel.** I think the staff can give you the last rollcall vote we have had in the House on this matter.

Ms. **Orr.** Thank you.

Mr. **Corman.** Thank you all very much.

Our next witness is Beverly Sanders, director, special services for children, New York City Department of Social Services.

STATEMENT OF BEVERLY SANDERS, DIRECTOR, SPECIAL SERVICES FOR CHILDREN, NEW YORK CITY DEPARTMENT OF SOCIAL SERVICES

Ms. **Sanders.** I will summarize the testimony I have submitted.

Mr. **Rangel.** The full testimony will appear in the record.

Ms. **Sanders.** Mr. Chairman and distinguished members of the subcommittee staff, ladies and gentlemen, I am particularly grateful for this opportunity to testify before you and to express my views concerning legislation on foster care adoption that is currently under consideration by your subcommittee.

I am also very pleased that the distinguished New York City congressperson is able to be available at this very late hour.

In New York City, Special Services for Children, within the Human Resources Administration, is the agency responsible for providing an array of services, including protective services, preventive services, foster care, and adoption to thousands of children and their families. As assistant commissioner, with the responsibility of administering this program, I am charged by State law with the primary responsibility for the investigation and provision of interventive protective services in cases involving suspected child abuse and neglect. My agency receives over 25,000 reports of such abuse and neglect annually. I also have legal responsibility for providing care and maintenance for 22,000 children who have been placed in foster care.

I would like to talk a little bit about the problems of foster care. Until recently, the numbers of children receiving foster care services in New York City had been steadily increasing, from 14,182 children in 1950 to about 24,822 in 1977. This figure has recently dropped to about 22,000 children.

What is more important than the numbers, I think, are the characteristics of the children coming into care.

We are witnessing a startling phenomenon in the child welfare system in New York City today. This system of services has traditionally cared for the younger, relatively untroubled, dependent, and neglected children. Now a large number of children coming into care are over 12 years of age. About 25 percent of the total, from all age groups, are emotionally disturbed, mentally retarded, physically handicapped or constitute a management problem in terms of their behavior. The projections are that the number of such problem children will continue to increase.

I should add that these trends in foster care seen in New York City are not indigenous to the city, but are characteristics of the problem on a national basis.

The ultimate goal of social services agencies should be the provision of necessary services to prevent a child from entering foster care.

When, however, a child has to be removed from his home, I think that it should be a temporary removal.

The service objective, once a child enters care, should be permanency. And by permanency, I mean either the speedy return of that child to his natural family or where that return of the child to his natural home is inappropriate, that all efforts should be made to have the child adopted. Studies have shown that the longer a child remains in foster care, the longer he remains in foster care. It is a self-perpetuating sort of circle. If you bring the child in and remove the child very quickly, you have some hope of reuniting him with the family. If you leave that child in for 2 or 3 or 4 years, your chances of reunification are almost zero.

The mean average for years in foster care for New York City children is now 5 years. And I consider that to be just an outrageously long period of time. And that is, I think, as most people know, with a lot of information systems in place and a lot of accountability, with court reviews, with everything we can think of, but we still have children in care for 5 years.

For children who are entering care at a very early age, the average time is almost 7 years.

Mr. RANGEL. You talk about the change in the type of child being cared for. Are these children going into foster care or are they just coming into the system?

Ms. SANDERS. They are coming into the foster-care system. That is one of the major confusions and one of the problems, you see, that child welfare and foster care is spread over so many different systems. You have, for instance, a mentally retarded child that is now coming into my field offices for placement who maybe 5 or 8 years ago would have gone to mental retardation services for placement and probably would have ended up at Willowbrook. But there is no Willowbrook now. There is a deinstitutionalization of all the large State facilities that previously dealt with mentally handicapped children. There was no concurrent planning to put anything else in place simultaneously to provide services for these children, you see, so they became the responsibility of the foster-care system. So the foster-care system in New York City, in an attempt to adapt—and we are the placement of last resort, has had to develop programs which I feel have been the responsibility of other systems. The other systems have not developed them rapidly enough, in other words. So we have found ourselves with severely retarded children, physically handicapped children and psychotic children, in addition to children with just minimal emotional kinds of problems.

Mr. RANGEL. Well, once you place them do you provide supportive services in the home?

Ms. SANDERS. Yes. Once we place the child in foster care you ask, Congressman, do we provide services to the home as well, to the family?

Mr. RANGEL. Yes, for those who have severe handicaps.

Ms. SANDERS. Well, the way it goes is most of our services in New York City are purchased service from voluntary child-care agencies. And part of the responsibility of that voluntary child-care agency is to provide the service to the child and care and work with the family to reunite that child and family. This sometimes works better in some places than it does in others. It is not as coordinated as it could and should be, I do not believe. I think that one of the reasons we are seeing a really long and excessive period of time of care, Congressman Rangel, is that that connection is not made as solidly as it should be.

Mr. RANGEL. You imply that you are receiving more than you can handle, in that these children should be placed someplace else. Where would they be placed if not in foster care, Ms. Sanders, if the family is broken up?

Ms. SANDERS. If the family is broken up and it is primarily a family centered problem, it is absolutely the responsibility of the foster-care system. I am talking about the place where you have a family that is intact. The family may have three or four children in that family and one of those children is psychotic and has been in and out of mental institutions for many, many years and is no longer in need of acute care in a mental hospital. He is no longer in need of a mental hospital but the family cannot contain that child in their home. But there is a family. And the family does not have a major problem. Now the child is the one who has the major problem. When the child has a major problem of that sort, I think that probably one of the other systems, the mental health system, should have responsibility for providing services for that child. That is really what I am saying.

Well, in addition to the length of time of placement that is of major concern to me, it is a question of the appropriateness of the placement. There have been many studies done, including one called "Foster Care Needs and Alternatives to Placement" that found that nearly 20 percent of the children in care were inappropriately placed in that 8 percent should have been in their own homes and never should have come into care in the first place, and 12 percent should have been placed for adoption.

Other studies have shown that children are placed in institutions but should be in foster boarding homes. Conversely, there are children in foster boarding homes who should be in residential treatment centers getting a very sophisticated kind of service.

So the placement process is not as good as it should be.

On funding issues, I think the most immediate issue which is of overriding importance is the existing system of funding for foster care.

Mr. **Rangel**. Could you go back to the smaller congregate living facilities and group homes? Some of those have been subject to the criticism today that there is supposedly no need for them.

Ms. **Sanders**. I have something I think rather specific toward the end of my testimony, but I am obviously not in agreement with that. In New York City we do have within my agency a series of programs that we call "direct child care," which provide adoption services, foster boarding in homes, group homes in residences, and small residential treatment centers in the city of New York and not outside its boundaries. I think that is extremely important.

Mr. **Rangel**. Are they licensed?

Ms. **Sanders**. Of course they are licensed, but they are not paid for by the Federal Government. That is our major problem. We are not getting that kind of participation.

Mr. **Rangel**. Why was Catholic Charities so uptight about the licensing provisions?

Ms. **Sanders**. I think they were talking about another State. I cannot really speak to that. I just heard that briefly. In New York City we absolutely are licensed. You have heard other people testifying here who have said we should stick with voluntary agencies exclusively in terms of providing services because the public sector services cost more.

Well, one of the reasons they cost more is because we are using tax levy money and State money match as opposed to the usual Federal participation that the voluntary sectors can draw down. And I think that is unfair. And I think we need publicly operated agencies where we have complete control over what goes on in those programs, where it cannot be a refusal of the agency to accept the child for whatever reason, and where in New York City, anyway, all of our programs are in the communities and are small.

There is a real problem with placing children very, very far from their homes if you expect to ever reunite that child and his family.

Mr. **Rangel**. Thank you.

Ms. **Sanders**. Back to funding, as you know, foster care is funded through a number of different provisions of the Social Security Act. Under section 408 of the Social Security Act, Federal financial participation is available only for maintenance, which is defined as the provision of shelter and board. The eligibility criteria is the same as that for AFDC, with an additional requirement that there be a judicial determination to the effect that continuation in his own home would be against the child's best interest.

The eligibility requirements for AFDC are cumbersome and restrictive. By limiting Federal reimbursement to those who are AFDC eligible, States are in fact penalized for providing foster care to intact families who might have to avail themselves of this service.

I think it should be noted that foster care services are not mandated by Federal law. What money is available for services falls under title XX of the Social Security Act. Although the States have been given latitude in how they can spend their money, the reality is that there has been virtually no money allocated for new programs.

Most of the title XX funds have been earmarked for services that have previously been funded under title IV-A of the Social Security Act. In New York City over 60 percent of title XX funds are expended for day care services. The funding system for foster care is fragmented, cumbersome and costs a great deal of money to administer. When one considers the time and effort that is expended in meeting requirements first for FFP under section 408 and then for title XX, and then considering medicaid eligibility and the requirements under the present parent locator provisions of the Social Security Act, IV–D, it is apparent that too much time is spent on paperwork and not enough on providing the necessary services to children and their families. And that is a very serious issue.

I have a number of recommendations that I would like to make to the committee. I read quickly a number of the bills you have before you dealing with foster care.

The first recommendation is full funding for title IV–B. There is in existence a method to help fund the necessary foster care services. Title IV–B of the Social Security Act is specifically designated for child welfare services. However, while title IV–B has an authorization of $266 million, no more than $50 million has been appropriated.

I am happy to see that both H.R. 1523 and H.R. 1291 provide for full funding for title IV–B and that this section of the Social Security Act will now become an entitlement.

Second, on preventive services, one of the positive features of both H.R. 1523 and 1291 is that the money available from the full funding of title IV–B will be available for services aimed at both preventing the need for foster care placement and at returning home as quickly as possible children who must enter care.

As I stated previously, our ultimate objective should be providing services to children and families in order to prevent foster care. The demonstration preventive services programs which were conducted in New York State and which were evaluated by the Child Welfare League of America showed that intensive service could, in fact, prevent many children from coming into foster care as well as considerably shorten the period of time that a child spends in care.

Nearly 70 percent of those children in the demonstration programs who were at risk were prevented from coming into care.

Furthermore, nearly 50 percent of the children in the demonstration programs who were in foster care were returned home by the projects' end when intensive services were provided.

The cost for providing preventive services in New York is approximately $2,300 per child per year. The average cost of foster care in New York is about $8,900 per child. The actual cost depends on the type of care provided. Institutional care can cost between $15,000 and $25,000 per child per year.

When you add on the medicaid and education——

Mr. RANGEL. Did you hear the testimony of the witness from New Jersey?

Ms. SANDERS. I was not here for that.

Mr. RANGEL. She indicated that preventive care was more costly than the foster home care because of the basic needs of the families and because there was a wide gap between the basic grant system in New Jersey and New York. But she was saying that money was a large factor in causing children to be placed in foster homes and that it should be considered as a part of preventative services.

Ms. **Sanders**. In other words, having a guaranteed annual income?

Mr. **Rangel**. I guess that is what she was trying to say. But obviously she had not been too persuasive with the New Jersey Legislature.

Ms. **Sanders**. I think from everything we have looked at in New York City, Congressman, preventative services do work. I mean, sure, it is easier to raise children if you have more money than if you have less money. But a lot of people in this country historically have raised children and their families with very, very little money but they have not had the kind of frustrations perhaps you have in New York City, which make it doubly difficult. But I think there can be support that can keep that family together. And that is about the only hope we have.

Mr. **Rangel**. Are you saying that there are new childhood emotional disturbances or are we saying that they have just been identified? I mean handicapped children are handicapped children.

Ms. **Sanders**. Yes, as far as handicapped children——

Mr. **Rangel**. And the emotionally disturbed and emotionally retarded. Do we have more of these children than we used to?

Ms. **Sanders**. We don't have anymore than we used to have, but they are showing up in different places. You are seeing them in foster care. You used to not see them too much because they were in nice big institutions and were tucked away somewhere where you did not have to notice them. It is the same child but a different system.

Mr. **Rangel**. Thank you.

Ms. **Sanders**. Another thing I would like to recommend is the elimination of the requirement for a judicial determination in voluntary placements.

Because of the desire to receive Federal maintenance dollars, States are being forced to send their AFDC-FC income eligible voluntary placements through the courts. This process is an unnecessary charade as the court generally approves what has already been agreed to. (In New York City nearly half the placements are voluntary and the court approves over 95 percent of them.)

Courts that should be dealing with adoptions, case reviews, abuse and neglect and juvenile delinquents are unnecessarily bogged down with voluntary placements. And social workers, who should be out working with families to prevent placement or limit its duration are forced to spend time in court to attest to a voluntary placement that, by definition, would have happened without the court's involvement.

The wasted cost to the court is significant in real dollars as well as time that could be better spent. Even more striking is the cost in caseworkers' time. We did a time and motion study and found that our workers are spending 40 percent of their time in court, 25 percent on eligibility determination and only 35 percent in direct service delivery. Of this 35 percent almost one-third is spent in preparing reports, one-third on traveltime to visit clients, leaving one-third of their "service" time or approximately 11 percent of their overall time for actual counseling and services.

I am therefore happy to see that both H.R. 1291 and H.R. 1523 provide for the elimination of this unnecessary provision.

In terms of funding for publicly operated facilities that was mentioned previously, we strongly support this component of the bill.

In the area of adoption subsidies, adoption is one method of attaining permanency for a child and one method of aiding in adoptions is to provide a subsidy to prospective adoptive parents who would not otherwise be able to financially provide for a child. Adoption subsidy is a program that 43 States now employ. We in New York can attest to the fact that providing subsidies has greatly assisted in getting children adopted. Here again it should be noted that this program is cost-effective since the subsidy payment is far below the average cost of foster care.

For example, in New York City it costs an average of $8,900 per year to keep a child in foster care. The same child adopted with subsidy, cost us approximately $2,500 a year.

Currently, no Federal money is available for adoption subsidies. Both H.R. 1291 and H.R. 1523 provide for Federal reimbursement for these payments. H.R. 1523, however, provides that payments may be made under certain circumstances until a child is 21 years of age.

We would support this approach as it is in keeping with current New York State policy on subsidy as well as with the provisions for foster care payments.

While I wholeheartedly support Federal reimbursement for adoption subsidies, I also strongly feel that there needs to be a provision for continued medicaid eligibility for children adopted with a prior diagnosed handicapped condition. In New York State, we now provide a maintenance as well as a medical subsidy—not federally reimbursed—for handicapped children. We find that this is essential to getting these children adopted.

Handicapped children require more than just medical services. They often require special services, such as a homemaker, special schooling and other nonmedical services. Unless the Federal adoption subsidy program provides this type of flexibility, then I predict that many severely handicapped children will not be adopted.

I strongly urge the committee to consider adding continued medicaid eligibility to a flexible adoption subsidy program.

Members of the subcommittee, I again would like to thank you for this opportunity to speak today. There is no one who would argue that the foster care system is not in need of reform. As the head of the largest child welfare agency in the country I can attest to the fact that there are serious problems in the way these services are provided. Congress has had a long and respected tradition of concern for our most precious resource, our children. In this year, which has been designated as the International Year of the Child, I would strongly urge that we take whatever steps necessary to insure that all children receive the benefits that they deserve.

Thank you very much.

[The prepared statement follows.]

STATEMENT OF BEVERLY SANDERS, DIRECTOR, SPECIAL SERVICES FOR CHILDREN, NEW YORK CITY DEPARTMENT OF SOCIAL SERVICES

Mr. Chairman, distinguished members of the Sub-Committee, staff, ladies and gentlemen, I am particularly grateful for this opportunity to testify before you and to express my views concerning legislation on foster care and adoption that is currently under consideration by your Sub-Committee.

In New York City, Special Services for Children, within the Human Resources Administration, is the agency responsible for providing an array of services, including protective services, preventive services, foster care and adoption to thousands of children and their families. As Assistant Commissioner, with the responsibility of administering Special Services for Children, I am charged by state law with the primary responsibility for the investigation and provision of interventive protective services in cases involving suspected child abuse and neglect. My Agency receives over 25,000 reports of alleged abuse and neglect annually. In addition, I have the legal responsibility for providing care and maintenance for 22,000 children who have been placed in foster care.

DEFINITION

For purposes of my testimony I will define foster care as: "assessing the need for, arranging for and providing for placement of, and services to individuals under the age of 18 (under 21 in cases of children in foster care prior to 18) in a foster home or appropriate group care facility as a result of either a judicial determination to the effect that continuation of care in a child's own home would be contrary to the welfare of such child or at the request of the parent or legal guardian". (New York State Title XX Social Services Plan, 1978).

THE PROBLEMS OF FOSTER CARE

Until recently, the numbers of children receiving foster care services in New York City had been steadily increasing (14,182 children were in care in 1950 and 24,822 were in care at the beginning of 1977. This figure had dropped to 22,838 children in care on 1/1/79. What is even more important are the changes in the types and characteristics of children coming into care.

We are witnessing a startling phenomenon in the child welfare system in New York City today. This system of services has traditionally cared for the younger, relatively untroubled, dependent and neglected children of our city. In 1960, 5,585 children in placement were 12 years of age or older. At the beginning of 1979 this figure had risen to 12,400 children. Moreover, about 25 percent of the total from all age groups are emotionally disturbed, mentally retarded, physically handicapped or constitute a management problem in terms of their behavior. The projections are that the number of such children will continue to increase.

I should add that these trends in foster care are not indigenous to just New York City but are characteristic of the problems that all states and localities face.

The ultimate goal of social services agencies should be the provision of necessary services to prevent a child from entering foster care. However, there will be situations where removal of a child from his natural home will be necessary. Let me state at this time that I strongly believe that foster care should be a temporary plan for a child. The service objective, once a child enters care, should be permanency and by permanency I mean either the speedy return of the child to his natural family or where return of the child to his natural home is inappropriate, all efforts should be made to have the child adopted. Studies have shown that the longer a child remains in foster care the less likely it is that permanency can be attained. The mean average for years in foster care for New York City children is 5 years. I consider this to be an outrageously long period of time.

Not only is the problem one of children remaining in foster care for excessive periods of time, it is also a question of the appropriateness of the placement. A study done for the New York State Board of Social Welfare (Foster Care Needs and Alternatives to Placement—A Projection for 1975-1985) found that nearly 20 percent of the children in care were inappropriately placed in that 8 percent should have been in their own homes and 12 percent should have been placed for adoption.

The study also noted that there were children currently residing in institutional settings who would better be served in smaller congregate living facilities such as group homes. In addition, the study found that there were children currently in foster care who suffer from such serious physical handicaps or severe or profound retardation or brain damage, that they will require lifetime care. The study states, "they do not belong in the foster care system, at least as it is presently defined, since these children cannot be brought to even a minimum level of functioning, with known methods of treatment, by the time they reach adulthood".

FUNDING ISSUES

The most immediate issue, that of overriding importance, is the existing system of funding for foster care.

Currently, foster care is funded through a number of different provisions of the Social Security Act. Under Section 408 of the Social Security Act, Federal Financial Participation (FFP) is available only for maintenance, which is defined as the provision of shelter and board. The eligibility criteria is the same as that for Aid for Dependent Children (AFDC) with an additional requirement that there be a judicial determination to the effect that continuation in his own home would be against the child's best interests.

The eligibility requirements for AFDC are cumbersome and restrictive. By limiting federal reimbursement to those who are AFDC eligible, states are, in fact, penalized for providing foster care to intact families who might have to avail themselves of this service.

I think it should be noted that foster care services are not mandated by federal law. What money is available for services falls under Title XX of the Social Security Act. Although the states have been given latitude in how they can spend their money, the reality is that there has been virtually no money allocated for new programs.

Most of the Title XX funds have been earmarked for services that had previously been funded under Title IV A of the Social Security Act. (In New York over 60 percent of Title XX funds are expended for day care services).

The funding system for foster care is fragmented, cumbersome and costs a great deal of money to administer. When one considers the time and effort that is expended in meeting requirements first for FFP under Section 408 and then for Title XX, and then consider medicaid eligibility and the requirements under the parent locator provisions of the Social Security Act (Section IV D), it is apparent that too much time is spent on paperwork and not enough on providing the necessary services to children and their families.

Furthermore, as every child in foster care is eligible for medicaid, the real cost of these services are far greater than just the Section 408 and Title XX expenditures. (The total Child Welfare Budget for fiscal year 1979 for my agency is approximately $328 million).

RECOMMENDATIONS

I understand that this subcommittee has before it a number of bills dealing with foster care. I would like to offer some comments and make some recommendations for changes in the foster care system that I strongly hope will be favorably considered by this sub-committee.

(1) *Full-Funding for Title IVB*—There is in existence a method to help fund the necessary foster care services. Title IVB of the Social Security Act is specifically designated for child welfare services. However, while title IVB has an authorization of $266 million, no more than $50 million has been appropriated.

I am happy to see that both H.R. 1523 and H.R. 1291 provide for full funding for Title IVB and that this section of the Social Security Act will now become an entitlement.

(2) *Preventive Services*—One of the positive features of both H.R. 1523 and H.R. 1291 is that the money available from the full funding of Title IVB will be available for services aimed at both preventing the need for foster care placement and at returning home as quickly as possible children who must enter care.

As I stated previously, our ultimate objective should be providing services to children and families in order to prevent foster care. The demonstration preventive services programs which were conducted in New York State and which were evaluated by the Child Welfare League of America showed that intensive service could, in fact, prevent many children from coming into foster care as well as considerably shorten the period of time that a child spends in care. Nearly 70 percent of those children in the demonstration programs who were at risk were prevented from coming into care. Furthermore, nearly 50 percent of the children in the demonstration programs who were in foster care were returned home by the projects' end when intensive services were provided. The types of services that were provided to both parents and children ranged from counseling, medical and psychiatric services, and housing and financial assistance to educational and vocational training. Providing services to prevent the need for and to shorten the length of time a child remains in foster care is not only beneficial from a social point of view but is also cost effective. The cost for providing preventive services in New York is approximately $2,300/child/year.

The average cost of foster care in New York is about $8,900 per child. The actual cost depends on the type of care provided. Institutional care can cost between $15,000 and $25,000/child/year. (The latter figure is for residential treatment centers). Care provided in a group home costs about $13,500/child/year, and care provided in a foster family costs about $5,000/child/year. When the costs of medicaid and special education are added, then one can see that services aimed at keeping children out of the foster care system will be less costly in the long run.

As the Child Welfare League of America's evaulation of the demonstration preventive services programs showed:

If as large a portion of the children in the experimental group, as in the control group, had been in foster care at the projects end, the costs of care for the additional children until their discharge 3.9 years later would amount to further expenditure of $1.8 million.

It should be noted that the demonstration programs were provided in only a few areas of the State and to no more than 600 children. Obviously if these services were to be provided to more children on a State-wide basis, the savings involved would be far greater.

(3) *Elimination of the Requirement for a Judicial Determination in Voluntary Placements*—Because of the desire to receive federal maintenance dollars, states are being forced to send their AFDC-FC income eligible voluntary placements through the courts. This process is an unnecessary charade as the court generally approves what has already been agreed to (In New York City, nearly half the placements are voluntary and the court approves over 95 percent of them).

Courts that should be dealing with adoptions, case reviews, abuse and neglect and juvenile delinquents are unnecessarily bogged down with voluntary placements. And social workers, who should be out working with families to prevent placement or limit its duration are forced to spend time in court to attest to a voluntary placement that, by definition, would have happened without the court's involvement. The wasted cost to the court is significant in real dollars as well as time that could be better spent. Even more striking is the cost in caseworkers time. We did a time and motion study and found that our workers are spending 40 percent of their time in court, 25 percent on eligibility determination and only 35 percent in direct service delivery. Of this 35 percent, almost one-third is spent in preparing reports, one-third on travel time to visit clients, leaving one-third of their "service" time or approximately 11 percent of their overall time for actual counseling and services.

I am therefore happy to see that both H.R. 1291 and H.R. 1523 provide for the elimination of this unnecessary provision. Furthermore, these bills create additional safeguards in that Social Service districts must demonstrate that preventive services were offered to the family prior to a voluntary placement.

(4) *Funding for Publicly Operated Facilities*—Another provision of both of these bills which I strongly support is that one which will now provide for federal financial participation for foster care provided in "a publicly operated child care institution which services no more than 25 resident children".

Currently, if I, as the Commissioner of a public agency, wanted to operate a group home for 10 children I could not get any federal reimbursement under Section 408 (we do, in fact, operate some group homes and residential treatment centers for which we get no federal money). If we are serious aboult deinstitutionalization of children, this provision for federal funding of small community based public facilities is essential.

This proposed amendment to Section 408 will correct what I have long considered to be a gross discrimination against publicly operated services for children.

(5) *Adoption Subsidies*—Adoption is one method of attaining permanency for a child and one method of aiding in adoptions is to provide a subsidy to prospective adoptive parents who would not otherwise be able to financially provide for a child. Adoption subsidy is a program that 43 states now employ. We in New York can attest to the fact that providing subsidies has greatly assisted in getting children adopted. Here again it should be noted that this program is cost-effective as the subsidy payment is far below the average cost of foster care. For example, in New York City it costs an average of $8,900 per year to keep a child in foster care. The same child adopted with subsidy, cost us approximately $2,500/year.

Currently no federal money is available for adoption subsidies. Both H.R. 1291 and H.R. 1523 provide for federal reimbursement for these payments. H.R. 1523, however, provides that payments may be made under certain circumstances until a child is 21 years of age.

We would support this approach as it is in keeping with current New York State policy on subsidy as well as with the provisions for foster care payments.

While I wholeheartedly support federal reimbursement for adoption subsidies, I also strongly feel that there needs to be a provision for continued medicaid eligibility for children adopted with a prior diagnosed handicapped condition. In New York State, we now provide a maintenance as well as a medical subsidy (not federally reimbursed) for handicapped children. We find that this is essential to getting these children adopted.

Handicapped children require more than just medical services. They often require special services, such as a homemaker, special schooling and other non medical services. Unless the federal adoption subsidy program provides this type of flexibility, then I predict that many severely handicapped children will not be adopted.

I strongly urge the Committee to consider adding continued medicaid eligibility to a flexible adoption subsidy program.

Members of the Sub-Committee, I again would like to thank you for this opportunity to speak today. There is no one who would argue that the foster care system is not in need of reform. As the head of the largest child welfare agency in the country I can attest to the fact that there are serious problems in the way these services are provided. Congress has had a long and respected tradition of concern for our most precious resource, our children. In this year, which has been designated as the International Year of the Child, I would strongly urge that we take whatever steps that are necessary to insure that all children receive the benefits that they deserve.

Thank you very much.

Mr. RANGEL. Thank you. We have no questions.

Our last witness is Dr. S. Norman Sherry, Committee on Adoption and Dependent Care, American Academy of Pediatrics.

STATEMENT OF S. NORMAN SHERRY, M.D., COMMITTEE ON ADOPTION AND DEPENDENT CARE, AMERICAN ACADEMY OF PEDIATRICS

Dr. SHERRY. Mr. Chairman, I feel as if I am the final guest at a dinner party and it is 1 a.m. and everybody is tired and wanting to leave.

Mr. CORMAN. Well, Dr. Sherry, we are probably not as tired as some of these youngsters who are moved from house to house. So your time is our time.

Dr. SHERRY. You are very nice. I have had the day off here.

With your permission I would like my full statement entered into the record.

Mr. CORMAN. Without objection.

Dr. SHERRY. I shall be very, very brief. I shall not read my statement.

I am Norman Sherry and am a physician and practicing pediatrician whose main interest has been in the areas of emotional problems and the social welfare of children. I am testifying today on behalf of the American Academy of Pediatrics, an international association of 20,000 pediatricians who advocate care for the health of children.

We support H.R. 1291. And I have three short comments.

I think the important issues for us as pediatricians are: First, that optimal medical care for all children be written in at every level that you can. I mean for the child in foster family care, I mean for the child with special needs and children at every level.

I think that the timing of the dispositional hearing at 18 months is late. I would like to say two words about that.

I am sure you are both familiar with Fanshel's study, which showed that after 5 years, of the 624 children in foster care only 4 percent were adopted and 56 percent were discharged. But 36 percent were still in foster care. One of every three children was still in foster care after 60 months.

Now, what does it mean to a child—and it is the timing of this I would like to make clear—what does it mean for a child to remain in limbo for so long? For a 10-year-old, 5 years is half of his life and it is most of his remembered life. This by definition is a "temporary one."

Anna Freud speaks of a child's sense of time as very different from the adult's sense. I concur in that. When I make hospital rounds and I want to tell a child when his mother is going to visit, if he is 3 years old, I do not say she is going to come by at 3 p.m. because he does not understand that. But I say after lunch, after your nap, and before Sesame Street she will come around. The kid can get a handle on that. Or if you want to tell a child about tomorrow, you say you will go to sleep and get up in the morning and have breakfast and then I will see you or your mother will see you. So their sense of time is different.

Eighteen months is a very long time for that dispositional hearing. And I think you should consider that.

We feel subsidization in adoption now should be attached to a child for obvious reasons.

The only other thing I would like to take up with you is that I suggest the subsidy should continue past 18 years only when needed. I think there is an infrequent time that it happens, but I think it does happen. I would like to just tell you about a child with cerebral palsy who had been in foster family care for 5 years. The people wanted to adopt this child. The father had had a stroke, the foster father, and felt very identified with this child. They both had their paralysis on the same side. And we were all ready to subsidize but we were ready to subsidize only until age 18. And the natural children of the foster family said, you know, our folks are old. And adoption is adoption. If he becomes our brother, will we have to take care of him after they die? What if he is 18 and is still needy?

I suggest that you consider prolonging the adoption subsidy past age 18.

Mr. RANGEL. How would that take care of that problem?

Dr. SHERRY. Well, it would take care of the medical care of that child. If the subsidy were to go on, all of the medical care that child with his handicap needed would be handled by the subsidy that had been promised to the adopting family early on.

Mr. CORMAN. Well, except the child at age 18 is going to be eligible for SSI and medicaid. There is no responsibility on the part of the parents and certainly not on the part of any brothers and sisters for that adult. The only issue would be a matter of inheritance. If the child is adopted, he will inherit some of the estate, if there is one. But unless I am missing something, I cannot see where a disabled adult is going to get any more or less if we prolong the adoption subsidy. I will check with the staff and be sure I know what I am talking about, but I believe that is so.

Dr. SHERRY. Mr. Chairman, I agree. I am the one who is missing something because it did not occur to me that SSI would pick up after age 18. You are absolutely right.

Mr. RANGEL. Well, with that story where would it ever end?

Dr. SHERRY. At age 56.

Can I answer any questions as a pediatrician or a physician? I think you have had good advice so you may not need anymore from me.

Mr. CORMAN. Yes; if you would not mind staying a few minutes longer since Mr. Rangel promised to buy me dinner if we adjourned at 6 p.m. We have another 5 minutes to go.

I wonder how many of the problems of children can be attributed to poor health during the prenatal stage to age 12?

Dr. SHERRY. We would cut way down on infection if all children were immunized. And I think that is an easy thing to do. For the International Year of the Child one of the things the pediatric group is doing is to say: Let's see if we can get 90 or 95 percent immunization. That is fine and is an easy thing to measure so it is something people will do.

On the other hand, what people miss out on most is the combination of emotional and physical care. You get a physical exam every year or every 6 months or 3 months and you get your shots and all kinds of things can be prevented. But the most important thing we are not doing today is preventing emotional distress in children. And it is going to take a lot of training of pediatricians and child care workers and pediatric nurse practitioners to get us to the point where we can help people in their usual contact with their physician, their regular contact in that area.

Mr. CORMAN. I did not mean that would be a substitute for the kinds of social services provided in this bill. I am thinking of it in an entirely different context. I aspire to add that population, the prenatal to 12 age group, into the medicare system—without the deductibles or co-payments—so that every child has equal access to the medical profession.

Now obviously that would not solve the problem of a deceased father or a mother who loses her mind. These are special problems that have to be addressed.

Are there still birth defects among very poor people who have inadequate maternity care? Are there youngsters who, if they had good medical care the first 12 years of their life, would wind up being much healthier the rest of their lives than if they did not have it at all?

Dr. SHERRY. The answer is, yes, with no hesitation for all of those things. Certainly we can have vitamin deficiencies that can make a difference during the prenatal period. We can have vitamin deficiencies in the first 3 years of life that can have a long-term effect on a young person's health.

Mr. CORMAN. I understand there have been some studies done about the time that a person needs periodic examination from birth to death. It is fairly often at first and then once a year and then every 5 years and less often as we get older. I think UCLA did some studies on this as a matter of fact.

As a pediatrician would you suggest a child be examined by a competent physician frequently when he or she is younger and less frequently as he or she grows older?

Dr. SHERRY. Yes; and I could write a schedule for you for that. On the other hand, some of those statistics are coming out of some of the prepaid groups who have another interest, and that interest is not to have to give as much service. So I look at them, and I think—and I am not saying prepaid groups are not good. They are wonderful in certain areas—but when they start to cut back on services without reducing cost I am saying, Mr. Chairman, to the patient, I think we have to sometimes look at such statistics with a jaundiced eye. I would be shot down by some of my colleagues for that, but I do believe that.

Mr. **Corman**. As I recollect, it is a practice more of pediatricians than any other group of physicians to serve on a basis where you would schedule the kind of care necessary. Assuming one has adequate finances, it is not a matter of difficulty but if one does not——

Dr. **Sherry**. Yes; or you could do it inexpensively. You could schedule it.

Mr. **Corman**. Isn't that a practice of many pediatricians? Sometime ago it was.

Dr. **Sherry**. It continues to be.

Mr. **Corman**. Well, we will be working on that and other concerns, too. Any other questions?

Thank you very much. Your entire statement will appear in the record.

[The prepared statement follows:]

STATEMENT OF S. NORMAN SHERRY, M.D., AMERICAN ACADEMY OF PEDIATRICS

Mr. Chairman and members of the Committee, I am Norman Sherry.[1] I am a physician, a practicing pediatrician, whose main interests have been in the area of emotional problems and social welfare of children. I am testifying today on behalf of the American Academy of Pediatrics, an international association of 20,000 pediatricians who advocate and care for the health and development of infants, children and adolescents.

Since its establishment in 1953, the Academy's Committee on Adoption and Dependent Care has been actively involved and concerned with issues surrounding the adoptive process. For several years, the Academy has testified in both Houses of Congress in support of proposals to establish a National Adoption Information Exchange System, model adoption legislation, subsidization of adoption for children with special needs and a system of advocacy for children in foster care. Through passage and enactment of Public Law 95-266, the Child Abuse Prevention and Treatment and Adoption Reform Act of 1978," an important step has been taken toward developing model adoption legislation for states and, hopefully, establishing a National Information Exchange System, a resource which is desperately needed.

We are here today in support of H.R. 1291, the "Adoption Subsidy and Child Welfare Reform Act of 1979," a bill which would compliment past efforts in this area. H.R. 1291 represents a critical step in the effort to meet the needs of children who might be adopted or who have already been adopted. It represents a real change from the deficit model of intervention characteristic of so much of our past effort.

While there are many different areas which must be addressed by any legislation focusing on foster care and adoption, as pediatricians we will focus our remarks on health care, which we believe must be an integral part of the care of the child.

Let us first consider the case of the child in foster care. Foster children comprise a population at high risk. At the time of placement, most of these children have had no constancy of physical and emotional care and little or no preventive medical care. One recent study revealed handicaps in 40 percent of the children monitored. Of these, 15 percent had multiple handicaps, 33 percent had various physical ills. Twenty per cent had not even been evaluated.[1]

When the ability to parent breaks down, the community may assume or accept the responsibility for a child's care through the mechanism of court order and/or voluntary agreement with natural parents. At this time we find that a majority of children in foster home placement are not having their needs fully met. In many ways, there is a seeming substitution of community neglect for parental neglect. For example, in one state, 40 percent of foster children have health problems and more than 25 percent have not had a recommended treatment program implemented.[3]

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[1] Dr. Sherry is an assistant clinical professor of pediatrics, Harvard Medical School, a consultant to the Committee on Adoption and Dependent Care of the American Academy of Pediatrics and a Liaison Representative to the Child Welfare League of America.

We recognize that the health needs of the child will depend upon the type of foster care being offered to him, just as the needs for an emergency, short-term placement of a healthy child are very different from those of a long-term placement of a handicapped child. However, the Academy's Committee on Adoption and Dependent Care strongly recommends, as a minimum, the following guideline:

The adequate provision for safeguarding and promoting the health of children in routine foster care should include periodic health supervision examinations, appropriate medical care for the ill child or child with special health problems, and dental care.

We urge that foster families having access to adequate, continuing medical care for themselves and their children should incorporate their foster child into their family health care system. By using the health services utilized by the foster family, the child would not be singled out for different treatment, and would become a more integrated part of the family life. When this is not possible, basic medical services should be provided through the agency or other resources whose services are coordinated with a total plan for the child, thus providing continuity of medical care.

Health services for the child should include preplacement examinations (when possible) and periodic medical examinations for appraisal of the child's physical growth and development, health status, and the effect of emotional and social factors upon the child. These services should include immunizations and administration of routine diagnostic laboratory procedures. Accordingly, we urge that the regulations established according to Section 427 of the bill require that such specifications for the child's health care be included in the written individualized case plan as described in Section 427(6).

The requirements for dispositional hearings as specified in Section 427(8) of the bill provide a necessary vehicle for permanent placement of the child. We know that children in need of adoption may be held in foster care or in institutional care for inappropriate lengths of time, frequently drifting from setting to setting, unable to obtain even the rudiments of appropriate medical care. Here again, state and local laws in this regard are so variable that medical care for the child both before and after placement is too often crisis-oriented and splintered. Too often, record keeping is minimal. The simple need to keep immunizations up to date is easily neglected. Lack of continuity in medical care is only one of the many problems facing this group of children. Therefore, we recommend that the requirement as specified in Section 427(8) for a dispositional hearing to be held "no later than 18 months after the original placement" not become the standard or the minimum in practice. Too often, in an effort to protect everyone's rights, little else goes on and the best interests of the child become lost in paperwork. Further, we believe that termination of parental rights, where indicated, should not be delayed.

Section 412 of H.R. 1291 is of utmost importance if barriers to adoption are to be removed, particularly for the physically or emotionally handicapped child. Children with such "special needs" have a tremendous need and little opportunity for early placement. The extra cost of medical care and education required by such children has often precluded adoption by couples otherwise willing and eager to accept such a child into their families. The success of such a subsidization plan for children with "special needs," however, will depend on the development of a care plan for that child. This plan should be included in the "adoption assistance agreement" as described in Section 412(d).

Because so many children with "special needs," particularly those with physical or mental handicaps, will continue to be dependent long after they reach the age of 18, we strongly urge that, for those children, subsidy payments not be discontinued once the child has attained the age of 18. Further, we recommend that eligibility for third party assistance be vested with the child and that the "needs of the child" as a determinant for the amount of the adoption subsidy as stated in Section 412(a)(2) be the primary determining factor.

The Academy commends this Committee for its advocacy role on behalf of children in need of adoption and pledges its support in working toward the passage and implementation of this Act.

Mr. CORMAN. The subcommittee will recess until 10 o'clock tomorrow morning in this room. We will meet in this room from 10 until 3 o'clock with a very brief lunch break and will mark up our bill. If we do not conclude by 3 o'clock, the subcommittee will move to room H-208 and conclude our markup there. Have the staff notify the members.

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[3] Gruber, A. R.: Foster Home Care in Massachusetts: A Study of Foster Children—Their Biological and Foster Parents. Commonwealth of Massachusetts, Governor's Commission on Adoption and Dependent Care, 1973.

[Whereupon, at 6 p.m., the hearing was adjourned.]

[The following was submitted for the record:]

American Federation of Labor
and Congress of Industrial Organizations,
Washington, D.C., March 20, 1979.

Hon. James C. Corman,
Chairman, Subcommittee on Public Assistance and Unemployment, U.S. House of Representatives, Washington, D.C.

Dear Mr. Chairman: The AFL-CIO commends you and the members of your subcommittee for your continuing efforts to improve upon and strengthen the badly needed service programs under Title XX of the Social Security Act.

The AFL-CIO views this program as providing a valuable and necessary framework for the provision of essential supportive services to vulnerable people. We recognize that the difficult and delicate balance between federal, state and local governments in the planning, development and delivery of social services is an ongoing process. Key to this process and indeed to the intent of Title XX is providing the federal dollars with which to carry out the mandate of Title XX of expanding eligibility for essential services to the working poor.

TITLE XX CEILING

We strongly support H.R. 2724 which will raise the ceiling on expenditures to $3.15 billion and provide for $200 million earmarked for day care. Since enactment of Title XX, the combined recession and inflation have severely decreased the purchasing power of these limited dollars it provided while at the same time increasing the need for social services. We understand that the vast majority of states have reached their spending allotment and are being forced to cut back or limit the provision of life sustaining services to unattended or needy children as well as aged, blind and disabled individuals.

The $2.5 billion ceiling imposed by the Congress in 1972 (along with temporary minor increases) has been the major impediment to the successful implementation of this program—inhibiting rational planning, eroding the quality of services and limiting their scope. We feel the permanent increase to $3.15 billion provided for in H.R. 2724 is a modest one which must be adopted but will still only insure that services provided in many states are allowed to continue at their present level. We, therefore, urge that an additional provision be adopted which will allow the ceiling to be adjusted to reflect increases in the cost of living in future years.

We strongly object to the Administration's proposal to provide only $2.9 billion for Title XX and disagree with their claim that what amounts to a cutback is justified because "other" service programs are expanding. Indeed, the early drafts of their Welfare Reform proposal includes a provision for over 700,000 jobs to be made available for welfare recipients and a requirement that the states provide "employment related supportive services and child-care" for these people under their Title XX programs. We fail to see how such a program expansion is to be achieved within the Administration's proposed budget ceiling which requires cutting back on current services and eliminating the $200 million earmarked for day care at 100 percent federal funding by folding it under the ceiling where it will require a 25 percent state match.

CEILING ON TRAINING

The AFL-CIO opposes the Administration's proposal to severely limit training expenditures under Title XX. The federal role in the creation of a sufficient supply of workers who have adequate training is an absolute essential for the delivery of effective social services. Investments in social, education and health services require the intervention of professionals who actually provide the service. If professionals are poorly trained and enlisted in inadequate numbers, the dollars spent on services are wasted.

We urge, therefore, that a ceiling not be imposed on training expenditures. If, indeed, there is a demonstrated need to more tightly control and direct resources provided for training, we suggest that a state plan and individual program approval by the federal government be required. This would effectively control expenditures and move toward assuring quality programs to achieve training objectives.

SOCIAL SERVICES IN TERRITORIES

We support the recommendation in the Administration's budget proposal and the subcommittee's proposal for a $16.1 million Title XX entitlement to be established for Puerto Rico, Guam, the Virgin Islands and the Northern Marianas.

CHILD WELFARE SERVICES

The AFL-CIO supports converting Title IV-B of the Social Security Act into an entitlement program with an annual ceiling of $266 million. Although the Administration proposes the entitlement at a ceiling of $266 million, only $141 million has been budgeted for this program. We support the subcommittee's position which accepts the spending outlays projected by HEW for Title IV-B in fiscal '80 but does so with the understanding that expenditures may exceed the $141 million.

We also urge that federal funds be made available in the AFDC program for adoption subsidies for hard-to-place children and for children who are voluntarily placed into foster care. Special emphasis should be placed on services to strengthen the homes of vulnerable children, to return children placed in foster care to their homes when possible by offering supportive services, and when it is impossible to reunify the family, to make permanent plans for the children.

In conclusion, the AFL-CIO urges you and your subcommittee to resist the pressures from those who would attempt to create an illusion of fiscal responsibility by imposing arbitrary budget ceilings and cutting back on programs designed to help the aged, disabled, poor and young children.

Sincerely,

KENNETH YOUNG,
Director, Department of Legislation.

AMERICAN FEDERATION OF STATE,
COUNTY AND MUNICIPAL EMPLOYEES,
Washington, D.C., March 27, 1979.

Hon. JAMES C. CORMAN,
Chairman, Subcommittee on Public Assistance and Unemployment, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: On behalf of the American Federation of State, County and Municipal Employees I am submitting the following views on the Social Security Act's child welfare and social services programs for the written record of the House Subcommittee on Public Assistance and Unemployment Compensation.

Title IV-B child welfare and Title XX general social services are long-time AFSCME concerns. Our union's members are actively involved in every aspect of these programs. AFSCME, the largest union within the AFL-CIO, represents approximately 100,000 caseworkers, income maintenance personnel, clericals, and many others who work in the nation's public assistance and social services programs.

AFSCME members know—from first-hand experience—the tremendous hardships wrought by poverty and depravation. They see daily the human toll of broken homes, neglected children, alcoholism, drug addiction and violence.

We are heartened to see a growing consensus that current approaches in child welfare are not solving basic problems and need change. This new sensitivity is due, in large part, to the persistent efforts of the Public Assistance Subcommittee under your leadership, and we commend the Subcommittee for the years of hard work it has devoted to the needs of the nation's children.

Unfortunately, at the same time policymakers are understanding the need to redirect and expand service programs for children and their families, the Administration is proposing reductions in the federal commitment to Title XX social services, many of which are directly related to child welfare concerns.

This myopic approach does not make sense. The nation cannot solve the problems of the disadvantaged by improving some programs at the price of cutting back others.

Outlined below are a series of proposals that we believe constitute a minimum responsible public policy.

CHILD WELFARE

Children need permanent, secure settings for healthy growth. No expert in the field disputes that, yet we have a child welfare system that does not place enough emphasis on measures that encourage permanency for children.

As numerous studies have shown, vast numbers of children are spending unnecessarily long periods in foster care. Those same studies document that the longer children remain in foster care, the less likely they are to return to their original home setting.

Some unnecessary foster care placements could be averted, if social services agencies had adequate resources for preventive services. The counseling, day care, homemaker and other preventive services that may keep children at home with their parents are often unavailable because of lack of resources. Overworked caseworkers do not have the resources or the time to help families alleviate the problems that originally lead to a child's placement in foster care.

By the same token, agencies are failing to provide adequate services for children already in foster care. They do not have the time to regularly review the child's foster care status—a proven procedure that greatly increases the chances of either placing the child back at home or in a permanent adoption situation.

Even worse, children frequently shuttle from one foster care home to another because there is no one available to smooth out problems between the children and their foster families.

Title IV-B could be the vehicle for providing these services. But today Title IV-B provides very little assistance relative to need and to the financial commitments of state governments. Congress has authorized $266 million for Title IV-B. Only $56.5 million is currently appropriated. This is approximately 10 percent of total expenditures nationwide.

That appropriated sum is devoted mostly to foster care payments and not to preventive services. Changing this situation requires guaranteeing child welfare agencies reliable and expanded federal support and encouraging a greater commitment to preventive services.

H.R. 1291, introduced by Representative Brodhead, and H.R. 1523, by Representative Miller, would accomplish both of these goals.

Both bills convert Title IV-B into an entitlement program at $266 million. Importantly, the bills do not have a matching requirement for this aid. Instead, they include a maintenance of effort provision that will prevent states from reducing their own child welfare spending commitments and guarantee that a real expansion occurs. They also appropriately require that Title IV-B funds must be used for services rather than income maintenance. This too will guarantee greater emphasis on preventive services.

Both H.R. 1291 and H.R. 1523 make increased federal assistance dependent on state efforts to provide service alternatives to foster care. The bills, for instance, mandate that no child will be placed in foster care unless services aimed at preventing the need for placement have been provided or refused by the family. Once the child is in care, the bills require periodic review of the child's situation and order a dispositional hearing within 18 months of placement. These provisions, combined with a federal adoption subsidy effort, will, we believe, help reduce the numbers of children in foster care situations.

We strongly oppose the main alternative to limiting foster care arrangements which has been advanced by the Administration; that is, placing a cap on Title IV-A foster care aid. As part of the AFDC program, federal foster care aid is an open-ended program meant to serve all vulnerable children who need to be removed from their homes. Some children do need to be in foster care situations. An arbitrary cap may deny that care to children who need it.

AFSCME does support, however, permitting Title IV-A reimbursement for voluntary placements in foster care. This would reduce unnecessary time and expense involved in the judicial determination requirement. In addition, we beleive the Subcommittee should give favorable consideration to the provision in the Downey bill which would allow reimbursement for children voluntarily placed before enactment of new legislation. We see no reason why the federal government should discriminate against one group of children simply on the basis of when they were placed in foster care.

Finally, AFSCME supports proposed amendments to make Title IV-A funds available for public group homes serving 25 or less children. Doing so would encourage public institutions to develop a wider variety of innovative foster care arrangements. AFSCME also strongly believes that public funds should be used for services that are publicly delivered.

The expansion of the child welfare program forseen by H.R. 1291 and H.R. 1523 will help hundreds of thousands of children remain with their natural parents or, if that is not possible, find suitable adoptive parents. But Congress must realize that the new child welfare system these bills envision will place significant new demands on caseworkers. Implementing the promise of these bills demands a solid federal commitment to advanced, inservice training.

The training provision of Title IV-B, Section 426, emphasizes research-oriented or special demonstration training projects that offer little immediate practical benefit to the child welfare workers who provide services. As such it does not meet ongoing inservice training needs.

The federal government needs to make a stronger commitment to more practical training aid. The Carter Administration, however, is suggesting what amounts to a retreat from federal training assistance in its proposals for Title XX.

TITLE XX

Since the inception of Title XX social services training money has been exempt from the various caps that have limited the program. But the Administration is proposing to limit Title XX training aid to an amount equal to 3 percent of the state's basic Title XX allocation.

The 3 percent cap will squeeze several large states that are already spending more than 3 percent of their Title XX allocation on training. States such as Connecticut, California, Pennsylvania, New York and Minnesota would be under fiscal pressure to reduce their training commitment at a time when child welfare reform makes increased training a vital necessity.

We strongly oppose any cap on Title XX training aid. What we do support is an overhaul of the regulations that have guided Title XX training spending. Present regulations limit direct contracts to educational institutions. Direct contracts cannot be made to the very groups that have the day-to-day experience delivering services and that are most familiar with the practical realities and application of service delivery. Universities, in fact, often subcontract with these organizations for their expertise.

The near monopoly on social service training by educational institutions has produced training programs that are often far too general and academic to be valuable to social service workers. Numerous AFSCME members have attended these training sessions—and left dissatisfied.

Workers, we believe, must be closely involved in the development of training programs. Present rules that discriminate against unions and other non-educational institutions by means of discriminatory reimbursement procedures must be changed. There is no reason, for example, why non-educational institutions cannot be reimbursed for overhead costs while educational institutions can be, or why educational institutions can adjust their charges so that they can provide their 25 percent match in kind while non-educational institutions must provide their 25 percent match in cash.

HEW, as a result of Representative Brodhead's leadership last year, is preparing a revision of these regulations. The new regulations, however, have been in the drafting process since July, and we doubt that they will be issued unless this panel presses for immediate promulgation.

Along with the Title XX training cap, the Administration has proposed a freeze on the overall Title XX ceiling. Presently, Title XX funding consists of a basic $2.5 million entitlement, plus $200 million in temporary funds and another $200 million specifically earmarked for child care.

Both the basic $2.5 billion and the temporary $200 million are distributed on a 75/25 percent matching basis. The day care supplement is available to the states without any matching requirement.

The Administration proposes raising the permanent Title XX ceiling from $2.5 to $2.9 billion. This proposal would provide no increase to offset inflation. The freeze at $2.9 billion will force at least an 8 percent cut.

We are pleased, however, that the Administration appears to be backing away from its original proposal of "folding" the child care supplement into the basic entitlement. Its original approach would have added to the states' fiscal burden and reduced the federal government's commitment to child care. In order to obtain Title XX child care aid, states would have had to come up with matching dollars on a 75-25 basis. If they couldn't, they would lose the child care funds they now receive. Other states might have been able to "afford" the day care matching requirement, but might have chosen to de-emphasize child care on their Title XX social services priority list. The result would have been fewer dollars spent on needed child care assistance.

A reduction in Title XX social services, especially child care, ironically, would undercut child welfare reforms aimed at keeping children out of foster homes.

We urge this panel to reject the Administration's Title XX proposals and adopt the approach outlined by your bill, H.R. 2724. This bill raises the permanent ceiling to $3.15 billion, builds a 7 percent inflation factor into the ceiling and retains the special status for the $200 million in child care aid. Given current inflationary pressures and the demand for social services evidenced by the fact that most if not all states are using all their Title XX funds, H.R. 2724 is, indeed, a modest and reasonable proposal.

We ask the Subcommittee to act quickly and favorably on our recommendations.

On child welfare, the need for reform is well-documented. The federal government must assume its leadership responsibility and clear the way for services that will help children remain in stable, permanent family care settings.

On Title XX, we ask Congress to stop the Administration's ill-advised cutback proposals, many of which will, in effect, undermine the child welfare reforms so desperately needed.

Sincerely,

ANTHONY P. CARNEVALE,
Director, Department of Legislation.

STATEMENT OF HON. MARIO BIAGGI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

I am pleased to be here today to discuss H.R. 1912, legislation I have sponsored to amend Title XX of the Social Security Act. My proposal would reallocate unclaimed funds to those states which have overmatched their share of the federal appropriation. The money would then be used to support senior nutrition services aimed at reducing or avoiding unnecessary institutionalization.

My proposal is based on four premises: (1) there is a need; (2) it could be implemented without any further appropriations; (3) it could result in substantial savings in our Medicare and Medicaid programs and (4) it could help to reverse the traditional age bias against the elderly by the program.

Twenty four of my colleagues have joined as cosponsors of H.R. 1912.

Title XX of the Social Security Act authorizes social services to those in need. Those services include nutrition programs for senior citizens. Title XX is a block grant program which makes funds available to each state according to its share of the national population. The individual states file for reimbursements of 75 percent of the cost of social services. Once reimbursed for its full share of the federal allotment, the state assumes 100 percent of the cost of further services. Services offered are determined at the state and substate levels.

Title XX nutrition programs serve the old and the poor in need of a meal. 32 states offer nutrition for the elderly programs. Various means tests are applied but all recipients are low income.

As Chairman of the Subcommittee on Human Services of the House Select Committee on Aging, I am familiar with the Title XX program. In 1977 I conducted an oversight hearing on Title XX to determine its impact on the elderly. Information gained from that hearing should be considered as Title XX is reauthorized this year.

Evidence presented by the witnesses demonstrated that Title XX was not serving the elderly as well as it should be. The subsequent Civil Rights Report on Age Discrimination in federal programs confirmed those allegations.

That hearing and follow up research shows that some Title XX funds are unspent. Estimates by the Department of Health, Education and Welfare reveal that $40 million of the fiscal year 1978 Title XX funds is yet to be matched. Predictions are that as much as $20 million will go unclaimed. Money unclaimed is unspent.

At the same time, at least 31 states have reached their 1978 ceiling. My bill would allow those states to apply for a share of the unclaimed $20 million. Each state's share would be determined by the original Title XX formula of state population ratios. Obviously, my bill would not be effective once all states reach their share, which is expected to happen over the next few years.

In order to appreciate the significance of my proposal, one must realize the importance of $20 million to the senior nutrition programs for the elderly.

Currently, there are two federal programs which support senior nutrition programs: Title XX and Title III C and D of the Older Americans Act, the Nutrition for the Elderly Program. The two programs are similar and intertwined. While today's concern is Title XX only, Title XX nutrition programs cannot be properly discussed without a look at the Title III Nutrition for the Elderly Program.

The net result of my proposal would be to increase the number of meals by more than 20,000, five days a week for one year. This would help to ease the impact of cutbacks in the Title III program resulting from inadequate funding for fiscal year 1979.

In fiscal year 1978 the Title III program was funded at $250 million. Despite the fact that food costs rose by 12 percent last year and the eilgible clientele increased by one half million since the start of fiscal year 1978, the program is again funded at $250 million under a continuing resolution. Also devastating to the Title III program is the fact that the National Home Delivered Meals component, first authorized for 1979, is not funded at all. Even if one figures the $4.5 million supplemental requested by the Administration for fiscal year 1979, the total of $254 million falls $19 million short of the amount required to maintain the 1978 purchasing power.

A separate factor likely to increase the need for nutrition services among the elderly is the adverse impact the new food stamp program has had on individuals. Accurate data by age has not yet been collected; however, in my home state of New York, 1.4 million people have had benefits reduced or eliminated since March 1, 1979. A substantial number of those people are believed to be elderly. With food stamp benefits cut these people are likely to look to nutrition programs as an alternative.

800,000 people are already waiting to participate in the various nutrition programs. The combination of cutbacks in the existing Title III program and the new food stamp program is bound to increase this number.

A hearing I conducted in 1977 on the Establishment of a National Meals on Wheels Program highlighted the value of nutrition services to the elderly. As much as 25 percent of the one million elderly in institutions are there due to inability to maintain a proper diet. With Medicare and Medicaid picking up the tab for these people we must consider the difference between $26 per day for nursing home care and $2.75 per meal. The savings of deinstitutionalizing these people or preventing further costly unnecessary institutionalization would be substantial. These are exactly the cases my legislation addresses.

Title XX has traditionally underserved the elderly. The Civil Rights Commission Report on Age Discrimination studied in 10 federal programs, one of which was Title XX. The Commission concluded that "age discrimination existed in each program studied" and that "persons over age 65 are consistently adversely affected". By increasing services to the elderly with the reallocated money, this pattern could be changed. At the same time, other Title XX programs would not be penalized.

The real benefits of this proposal would be reaped by the elderly. These seniors are among the most vulnerable in our society; there are old, poor, frail and sometimes impaired. They cannot provide for themselves. Through the current system we overprovide for them by covering the high cost of unnecessary institutionalization or underprovide for them by refusing them the food they need to survive. We can no longer afford to do so, either in terms of money or moral responsibility. What we must do is make programs such as Title XX, already authorized and established, address the real needs of our population.

JEWISH COMMUNITY CENTER,
Cleveland Heights, Ohio, March 22, 1979.

Mr. JOHN MARTIN,
Chief Counsel, House Ways and Means Committee,
Washington, D.C.

DEAR MR. MARTIN: Please enter the following testimony on our behalf before the current House Public Assistance Sub-Committee hearings:

As a provider of Title XX Child Day Care Services who contract with both the Cuyahoga and Geauga County (Ohio) Departments of Welfare, the Jewish Community Center has seen a dramatic increase in the need for such services among the families which we serve. The rapid increase in the percentage of families in which both parents are employed, coupled with the escalating number of one-parent families, thrusts child day care services into a category of escalating significance.

We have found that day care, particularly during the non-school summer months, under the auspices of a professional, social service provider, has been crucial in allowing qualified families to approach economic self-sufficiency.

While we support efforts aimed at opposing funding reductions in this area, we strongly advocate increased appropriations to, at least, offset inflationary factors or, preferably, to provide for the extension of such services to additional eligible families who cannot be served under the current funding limitations.

With respect to the general issue of Title XX legislation, we fully support the House Ways and Means Committee's recommendation that the funding ceiling be raised to $3.1 billion, while funds continue to be specifically designated for day care services.

We join social service consumers and providers in commending the Committee on its positive efforts in these areas.

Sincerely,

AMI NAHSHON,
Director, Halle Park Camping Services.

STATEMENT OF THE NATIONAL BLACK CHILD DEVELOPMENT INSTITUTE, INC., EVELYN K. MOORE, EXECUTIVE DIRECTOR

My name is Evelyn K. Moore and I am the Executive Director of the National Black Child Development Institute, Inc. I am pleased to have an opportunity to respond to this child welfare legislation that is before the 96th Congress.

The National Black Child Development Institute is a non-profit national advocacy organization which focuses exclusively on Black children. Since its inception, the Institute has worked toward improving the quality of life for Black children through organizing and assisting community advocacy groups and monitoring national, state and local legislation. We have active chapters in ten major cities across the country, and are active in at least thirty-five other localities.

Over the past eight years, we have tried to respond constructively to child welfare proposals in the areas of adoption, foster care and child protection. We testified at the hearings of the Subcommittee on Children and Youth on "The Opportunities for Adoption Act of 1975" (S. 1593), and later in December, 1975 at the foster care hearings. In addition for the past seven years, we have conducted a national program in adoption advocacy.

Our interests and concerns in foster care and adoption stem from our knowing that Black children in large numbers are caught up in child welfare services that often do not meet their needs. Although there are no accurate statistics on the number of children available for adoption in the United States, estimates range from 120,000 to 150,000 children. Of this number, approximately 40 to 50 percent are Black. Compared to the placement of white children, Black children are placed at a far lower rate. We believe this low rate of placement is a direct result of the structure, organization and orientation of the child welfare system. Moreover, untold numbers of Black children are in foster care.

However, we are greatly encouraged by the introduction of legislation which reflects a recognition of the inadequacies of the child welfare system. Moreover, the bills attempt to address these inadequacies by introducing the following provisions which:

1. increase support to states and local communities for the development of programs to reduce foster care placements;
2. establish service programs to minimize the need for temporary or indeterminate placements and a national program to facilitate the adoption of children in such indeterminate placements;
3. improve due process and accountability procedures for children in foster placements, and for their parents;
4. establish improved auditing and accounting systems to prevent both the waste of federal monies and the maintenance of children in inappropriate placements;
5. eliminate inappropriate and complex eligibility requirements which prevent many needy families from receiving assistance, and which throw a disproportionate fiscal burden on states and local communities;
6. improve the procedures for the selection, licensing, and periodic inspection of homes and other facilities utilized for foster care;
7. utilize the resources of the Department of Health, Education, and Welfare in distributing information about service programs which have been found to reduce the necessity for foster placement or its duration and to provide technical assistance in the replication of these programs; and
8. reduce the unnecessary expenditure of tens of millions of dollars for the inappropriate maintenance of thousands of children in indeterminate foster care.

Whereas we believe that all of the basic and essential elements that will make for a quality child welfare system are included in the proposed bills, there are three critical issues we would like to address:

FOSTER CARE MAINTENANCE PROGRAM CAP

The Administration has proposed a cap for fiscal year 1980 on the foster care maintenance program at 130 percent of the fiscal 1978 expenditure level and an increase of 10 percent for each of the four following years after which time funds will be leveled off. Our understanding of the Administration's intent for proposing a cap is that it will provide incentives to states to discontinue inappropriate foster care placements, thereby reducing expenditures and allowing states to transfer all unused maintenance funds to their child welfare services programs. It is our belief that a cap on foster care maintenance programs is not in the best interest of Black children who would be voluntarily or involuntarily placed in foster care homes. Rather, we support Congressman George Miller's views that the foster care maintenance programs should not be capped. Our support is based on experience and knowledge of Black children within the child welfare system. With the overrepresentation in the number of Black children in foster care, coupled with the low rate of placement in returning them to their natural parents or to adoptive homes, we forsee many Black children falling through the cracks of the system. Thus, we propose that funds be spent in foster care to provide preventive, restorative and reunification services until such time as the new program has proved to be effective in decreasing the number of children in foster care.

ADOPTION SUBSIDY PAYMENTS

Adoption subsidy payments to adoptive parents will provide many Black families with the necessary support to adopt Black children. Many children who have reached the age of majority and who are with their natural parents, receive financial support from their parents providing them with the opportunity to attend a college or university, or obtain vocational or technical training. These opportunities are designed to prepare them for gainful employment. With the economy and the high rate of unemployment being what it is in this country, it is essential that persons have an advanced educational background beyond high school or marketable technical skills. In view of this, we recommend that adoption subsidy payments continue to be paid to adoptive parents until the child reaches the age of twenty-one, if he or she is enrolled in school or training; otherwise, the payments may be discontinued when the child reaches eighteen. It is imperative that support continue to be provided to adoptive parents until they no longer legally support their adoptive child or until it is determined that the parents are financially able to support the child themselves. Suddenly casting them adrift to fend for themselves would be a contradiction to the legislative intent.

FEDERAL AND STATE MATCH

The Administration proposed a 25 percent local match to 75 percent federal funds. It is true that a local match will allow more children to receive services in the child welfare system than providing federal funds at 100 percent. Our concern is that many states will not have or make the local match available and as a result, not participate in the adoption subsidy plan. This would have a serious impact on Black adoptive children because it is often the Black family who is not financially able to adopt Black children. As a result there will be a lower rate of Black children being adopted by Black families. Moreover, recalcitrant states may use this as an excuse not to support this important program. This would result in the perpetuation of the foster care system. We, therefore, recommend that the Federal Government contribute 100 percent of the funds to the states.

Finally, we are very pleased to see that some of the recommendations made at previous hearings on foster care and adoption are included in the foster care and adoption reform bills. We would like to re-affirm the other recommendations which are important to the welfare of Black children and are based on the principle that every child has a right to a permanent family situation.

1. The establishment of child welfare services organized and administered by the Black community.

One of the most promising avenues for the solution of the problems of Black children lies within the Black community itself. That is the development of Black designed, Black developed and Black administered child welfare agencies. It is clear that such agencies would have the flexibility and community support to create new ways of serving Black children that public agencies do not have. We know that there are at least five Black child welfare agencies. Although they have different services and styles, they share a common pattern of quality and immensely successful services. We would strongly urge that efforts be made to provide the funding necessary to develop more such services across the country.

2. Federal funding to provide training and increase the number of Black professionals serving Black children and their families.

There must be greater influx of skilled Black professionals to serve Black children and their families. All too often cultural and racial differences create barriers to understanding the needs and lifestyles of Black families. At the same time, there are far too many agencies serving Black families with too few Black workers, especially at the policy making level.

In conclusion, we would like to commend those persons in Congress who have contributed to the foster care and adoption bills. We again appreciate the opportunity to put before you issue swhich we are certain will be given serious consideration.

STATEMENT OF THE NATIONAL COUNCIL OF CHURCHES ON BEHALF OF THE WORKING GROUP ON JUSTICE FOR CHILDREN AND YOUTH DIVISION OF CHURCH AND SOCIETY, REV. ROBERT T. STROMMEN, CHAIRMAN

The National Council of Churches of Christ in the U.S.A., a cooperative agency of thirty-one Protestant and Orthodox bodies in this country, has traditionally worked for the best interests of children and families. In this spirit, the Governing Board of the National Council in a Resolution adopted in November, 1977 on the International Year of the Child urged member churches to "fulfill its responsibility of being a caring community concerned for all children." As part of this concern, the Working Group on Justice for Children and Youth in the Division of Church and Society of the National Council was formed to encourage public policy that best supports children and their families. Fourteen denominations and related national church agencies are members of the Working Group.

The Working Group on Justice for Children and Youth is grateful for this opportunity to comment on proposed changes in Title XX Social Services, Title IV A AFDC Foster Care and Title IV B Child Welfare Service Programs.

The Working Group on Justice for Children and Youth commends the Subcommittee's recommendation to the House Ways and Means Committee to raise Title XX funding to $3.1 billion with $200 million earmarked for day care at 100 percent Federal funds. We appreciated the $2.9 billion figure in President Carter's budget for 1980 but we feel it is in the best interests of children to allocate additional funds for Title XX with the earmarked child care funds. Title XX funds have not kept up with inflation and States are actually reducing child care funding as a percentage of their total Title XX budgets. Recognizing that over 50 percent of all mothers now work and that 40 percent with pre-school children now work, we feel that it is necessary and appropriate for Title XX funds to be increased to allow for inflation and to expand the number of services available to low and middle income families. We also feel that it would be counter-productive at this time to eliminate the $200 million earmarked for day care at 100 percent Federal funding since this would put greater pressure on states to reduce services.

Regarding specific legislation you will be considering—

1. We support the 7 percent cost of living increase over the $3.1 billion figure for Title XX funding incorporated in HR 2724.
2. We support the permanent earmarking for day care funds at 100 percent Federal funds in HR 2469 to insure that day care services will not be decreased.
3. We do not support a ceiling on Title XX Training funds. Over one half of the States are spending above the 3 percent proposed ceiling and therefore would have to reduce training services if a ceiling was put into effect.
4. We support entitlement of Title IV B of the Social Security Act at $266 million and the federal adoption subsidy provisions incorporated in HR 1291.
5. We feel strongly that there should not be a cap on Title IV A AFDC Foster Care since this will not insure quality care for children or prevent them from entering the system but it may decrease the quality of care they now receive.

We thank you for this opportunity to present the views of the Working Group on Justice for Children and Youth to the Subcommittee.

STATEMENT OF THE NATIONAL LEAGUE OF CITIES, WASHINGTON, D.C.

The National League of Cities strongly supports legislation before the Subcommittee to strengthen the Title XX social services program. We believe this program is critical to the Nation's efforts to deal with a wide range of social problems, which are particularly prevalent in our cities.

Our recommendations fall into three categories:

First, funding. NLC supports a permanent ceiling of $2.9 billion for the Title XX program. The old limit of $2.5 billion is clearly inadequate in view of the impact of inflation in recent years. We also support a set-aside (as requested by the Administration) of $16.1 million for Puerto Rico and the Territories.

Second, consultation with local officials. NLC strongly supports provisions of last year's House-passed legislation (now contained in H.R. 2724) requiring local participation in the State social services planning process.

The case for local participation is a forceful one. It would assure that Title XX funds are targeted to areas of need; that such funds do not duplicate similar services being carried on at the local level; and that greater coordination among projects and funding organizations—public, private, and nonprofit—takes place. Recent efforts in Massachusetts and Connecticut to involve localities more fully in the State planning process have paid substantial dividends in more efficient program administration and increased funding by local governments and nonprofit organizations.

NLC believes that the need for stronger local participation in the social services planning process should take precedence over a move toward multi-year planning. While the latter is an obviously important goal, we believe that moving to multi-year planning without first strengthening the local role would further remove cities from having an effective role in the program.

Third, Title XX services. NLC supports the use of Title XX funds for emergency shelter for adults whose physical or mental health is endangered. We regard this as a modest first step in dealing with what appears to be a steadily increasing level of domestic violence in many cities.

We also support making permanent the authority to use Title XX funds for services to drug addicts and alcoholics. Under this authority, funds can be used to finance, for up to seven days, the cost of medical or remedial care and room and board associated with the initial detoxification of alcoholics and drug addicts. This is a very useful authority and will remain so until alcoholism and drug addiction subside substantially from present levels.

Finally, NLC supports the use of Title XX funds to train nonstate employees who supervise Title XX providers. Currently, only State supervisors and staff actually providing services can be trained with Title XX funds. This new authority would allow local governments involved in the administration of Title XX programs to be partially reimbursed for their services.

STATEMENT OF BARBARA B. BLUM, COMMISSIONER, NEW YORK STATE DEPARTMENT OF SOCIAL SERVICES

The New York State Department of Social Services appreciates this opportunity to present testimony on proposed changes in the Title IV-A, AFDC, Foster Care, Title IV-B Child Welfare Services and Title XX Social Services Programs.

This subcommittee is well aware of the many problems that confront families and children today, as well as the critical role of each of the programs under consideration in supporting family needs. On the whole, I am encouraged by the direction of the proposed changes. They reflect recognition of the need for increased federal support for these programs and of the importance of services to support families and achieve permanency for children. We strongly support these objectives, and, in the remarks that follow, suggest how we feel they may best be achieved.

CHILD WELFARE

The generally similar proposals calling for foster care and adoption reforms sponsored by Congressmen Brodhead (HR 1291) and Miller (HR 1523) each provide basic Federal policy changes which are long overdue.

Among the most important of these changes is the provision of Federal funds for adoption subsidies for children who could not be adopted without financial support.

New York's adoption subsidy program has been most successful. In the last five years, more than 4,000 children have been adopted with subsidy. We are convinced that a similarly conceived Federal subsidy program would yield success nationwide and offer support for the broadest possible subsidy proposal. Such a proposal would include allowance for continued subsidy payments until age 21 for children attending school or vocational training, and provide support for special service or treatment needs of the child known to the adoptive parents or supervising agency. These assurances may prove critical to a prospective parent in their decision concerning whether or not to adopt.

Another proposal which has New York State's full support is the conversion of Title IV-B to an entitlement program which would bring annual funding under the Title to $266 million. This more than fourfold increase in available child welfare services funding is essential if we are to achieve the goals set forth in the legislation on behalf of children and their families. We view this provision to be very much in keeping with an underlying rationale of each bill, which is to reduce the unnecessary use of foster care through the expansion of preventive services, improved accountability and case management for children in care, and the provision of adequate reunification services. Each of these initiatives will involve substantial costs to the states and their localities, and the expansion of IV-B funds provides a tangible inducement for this to take place.

While we agree fully that the states will need financial support to expand the provision of non-foster care services, we question the advisability of linking such increased funding to the state's compliance with a detailed set of new administrative and service requirements.

New York State has, on its own initiative, implemented a series of administrative and management programs designed to improve quality and accountability in the provision of foster care services. These programs include a mandated 18-month court review of all children in care, a computerized Child Care Review Service which provides individual and aggregated management information for children in our child caring system, a statewide Standards of Payment program which establishes fiscal control and accountability over the full range of the State's residential programs, mandated Standards of Administration, which govern case planning and service provision for all children in care, and an elaborate set of due process provisions which protect the rights of foster children and their families.

In addition to the programs which are already underway, it is expected that the State will adopt measures which will provide substantial new fiscal incentives to develop preventive services as well as strict utilization review requirements. These policies will further improve our administrative control over the provision and management of foster care.

The State of New York has demonstrated its commitment to undertaking the costly steps required to improve child welfare services and to provide needed accountability. Each of these existing or planned for programs is specifically adapted to the state's unique services structure and client needs. It is our belief that this flexibility is essential to continued program improvement.

We estimate that full entitlement funding of Title IV-B would bring New York State approximately $13 million in new funds. It appears, however, that the cost of complying with the proposed Protection requirements would considerably exceed that amount. In addition, some of the changes necessary to achieve compliance would duplicate existing programs designed to address similar quality and accountability issues.

I would like to suggest an alternative approach which we feel is compatible with the Subcommittee's programmatic objectives. Rather than mandate a new set of administrative and service requirements, we suggest an approach which would make the receipt of any new IV-B funds contingent upon approval of a State's Title IV-B Plan. In such a plan, states would be required to address priorities identified in the legislation, including the need for expanded preventive services, improved case management and accountability, as well as other issues and concerns identified in the bills. The states would be allowed greater discretion in prioritizing and addressing problems to reflect local needs. The legislation could stipulate, however, that there be a maintenance of effort for non-foster care spending and that at least a minimum percentage, (perhaps 50 percent) of any new Title IV-B funds would be directed toward costs other than the direct provision of foster care services.

We feel that such an approach warrants your full consideration and would be pleased to assist you in the further examination of this alternative.

The proposed Foster Care Protection provision which would eliminate the need for judicial involvement when children enter care through voluntary placement has our general support. The substitution of some form of 6-month review by an "objective person" would probably be beneficial, assuming that states could adapt current semi-annual administrative reviews to meet the requirements. The current practice of seeking initial court approval tends to be a routine procedure, which often serves no programmatic purpose, while adding to judicial overload.

Another proposed child welfare provision concerns Federal AFDC-FC funding eligibility for public institutions. We fully agree that such facilities should become eligible for such funding. While public group care is not always a preferred choice to purchased care, there are some circumstances where a specific type of service can best be provided by a public agency. This change would provide a significant new option for program development.

TITLE XX

The Department of Social Services also strongly supports the commitment of additional funds to the Title XX program. This program provides a wide range of services which are essential to individuals and families throughout the country. Given the expanded demand for and the increased cost of these services, the existing $2.9 billion Federal ceiling limits the states ability to maintain quality programs. We particularly favor the proposed ceiling adjustments that would provide an upper limit of $3.15 billion in fiscal year 1980 and $3.45 billion in 1981 and thereafter.

The Subcommittee may wish also to reexamine the existing Title XX allocation formula, and to consider alternative distribution mechanisms which consider such factors as the State's poverty level population, public assistance caseloads, service needs experienced, concentrations of urban poor and other factors that do not tend to be associated with a state's overall population level. In view of the limited availability of social services dollars, it becomes critically important that resources are directed to those most in need.

In terms of administrative changes, we are particularly interested in seeing the enactment of a provision which would allow multiyear service plans. This provision, as well as other modifications affecting local participation in the planning process, should serve to improve the quality of the Title XX Plans.

New York State supports continued open ended funding of Title XX training. The capping of such expenditures as included in the Federal 1980 budget would result in a significant curtailment of New York's training program. I urge you to support continuation of training which is essential to effective and responsive service delivery.

Thank you for the opportunity to express the views of the New York State Department of Social Services on the legislation under consideration. We would welcome the opportunity to assist the Subcommittee in its continuing analysis of these issues.

STATEMENT OF THE UNITED NEIGHBORHOOD HOUSES OF NEW YORK, INC., NORMA DE CANDIDO, SOCIAL POLICY ANALYST

On behalf of United Neighborhood Houses of New York, the federation of thirty-six settlement houses and neighborhood centers operating in low-income communities of New York City, I am writing to express our views regarding changes in Titles XX, IV-A (AFDC Foster Care), and IV-B of the Social Security Act, which are being considered by the Subcommittee on Public Assistance and Unemployment Compensation of the House Committee on Ways and Means. We welcome another opportunity to present our suggestions to you regarding the nation's Social Security Laws for which this Subcommittee is responsible. Our statement addresses the following topics:

1. authorized funding ceiling for Title XX programs;
2. existing and proposed programs authorized under Title XX;
3. Foster Care and Adoption Reform Act of 1979 (H.R. 1523); and
4. preventive services in child welfare.

Consonant with our general plea for a reordering of priorities in the national budget, United Neighborhood Houses urges Congress to establish a funding level for Title XX which will prevent further cutbacks in the essential services funded under this title. President Carter's recommendation of $2.9 billion is inadequate for FY 1980, and we urge a higher figure so that inflation will not cut further into the programs already funded by Title XX and so that some important additional programs can be supported. Congressman Green's proposed level of $3.15 billion accounts for inflation, and we hope that Congress will also make some provision for a few new programs. We also hope that Congress will accept Chairman Corman's proposal to link the changes in the funding ceiling after September 30, 1980, to increases in the cost of living.

United Neighborhood Houses has applauded the goal of Title XX, which is to attack the problems of society's most dependent and vulnerable people. Although the services provided by Title XX do not easily lend themselves to elaborate calculations of cost effectiveness, we are convinced that our nation can make no better investment than in a comprehensive effort to help its needy people achieve self-sufficiency and remain self-sufficient as long as they can.

For several years, United Neighborhood Houses has operated a Home Management Program, which is supported by Title XX funds and whose goal is to enable low-income families become more effective consumers and homemakers. Included among the services provided are instruction in meal preparation, nutrition and consumer education, sewing, and general guidance in strengthening family relationships. Our Home Management Program operates in twenty-two of our member organizations and has assisted scores of families in coping better with the ever-increasing economic pressures which confront the poor. By coping better with these pressures, families find some relief from the everyday struggles of mere survival which can wreck family life. Better "parenting" is a concrete result of the Home Management Program.

Title XX also supports senior citizen and child day care centers in our settlements and neighborhood houses. The importance of these programs should be clear to everyone, and the residents of the communities served by these programs would sustain a severe setback in their efforts to escape from dependency without these supportive services. Poor parents who want to work need day care. Elderly people, who would otherwise live in hunger and isolation, need the senior centers to support their efforts to keep out of institutions for the aged.

The other Title XX programs operating in New York City are also essential to improving the quality of life in the communities served by our member agencies. In addition, we see the need for new programs which Congress should incorporate into Title XX. In particular, we direct attention to Congressman Weiss's proposal (H.R. 2424) for services for deinstitutionalized persons. The tragedy of "the revolving door" for the deinstitutionalized who are not assisted in their return to the community is repeated again and again in New York City communities. Neither the individuals caught in "the revolving door" nor society at large should have to suffer the problems caused by a policy of deinstitutionalization which is not supported by programs designed to give it a chance to work.

Adequate funding for Title XX programs will supplement the child welfare programs supported by Title IV. United Neighborhood Houses is currently devoting considerable attention to efforts to change the focus of services in child welfare. For some time we have argued the case for a preventive approach to the problem of child abuse and neglect. In presentations to governmental agencies and in other forums, we have tried to show how the resources of community-based agencies can be used to aid distressed parents and other guardians of the young before they reach the danger point where they become capable of inflicting harm upon the children. It is both shameful to society and also a misguided use of scarce resources that the main thrust of public policy has been on responding to the devastation suffered by abused and neglected children rather than on preventing these tragedies.

Foster care has been an inadequate solution to the problem of child abuse and neglect as well as to other crises which afflict families. We do not need to repeat the litany of difficulties associated with foster care in the United States. For the record, we refer to the latest study of the Children's Defense Fund, which documents the waste and inhumanity of our foster care system and urges the Federal Government to implement its stated policy of helping children remain at home rather than pushing them quickly into foster care when a family or personal crisis befalls the children. Congress must now enact the Foster Care and Adoption Reform Act of 1979 (H.R. 1523), which Congressman Miller and his colleagues in the House have been promoting for the last two years. H.R. 1523 includes increased funds for preventive services, adoption subsidies, and a mandate to the States to institute accountability and due process procedures when foster care is necessary. We urge Congress to enact quickly this long overdue measure, which we hope has finally become, in the words of Congressman Miller, "a largely noncontroversial and thoroughly reasonable reform program."

STATEMENT OF HON. ANTONIO BORJA WON PAT, A DELEGATE IN CONGRESS FROM GUAM

Mr. Chairman and Members of the Committee, thank you for providing me with this opportunity to discuss the welfare needs of the American citizens of the U.S. Territory of Guam.

Before I begin, I want to state as part of the official record the high esteem and great friendship held by people of Guam for the Chairman of this Subcommittee, Chairman Corman has been a staunch friend and ally of Guam. Perhaps his desire to see our territory progress has something to do with his first visit to Guam. Thankfully, we have all come a long way from the time when Jim Corman was ducking bullets on Guam. And I am certain that if he were to come to Guam today, we can absolutely assure him of a much friendlier reception than he received at the hands of the Japanese Imperial Army.

Today, however, we on Guam are fighting another sort of war. This time it is to assure that the less fortunate in our midst receive a decent living. Guam has participated in various Federal welfare programs for many years, but always with the heavy financial limitations imposed on the level of Federal support we can count on.

Until last year, as this Subcommittee knows, Guam's level of Federal aid for our welfare programs—and this includes aid for dependent children, and to the blind, disabled and elderly—was limited to $1.1 million per year. This amount Guam matched at the prescribed 50/50 level and then proceeded to far overmatch just to provide our people with even a bare minimum of benefits. Further restricting Guam is the unavailability of SSI to residents of the Territory—a fact which you, Mr. Chairman, however, have sought to correct on several occasions.

Late last year, in a highly complex proceeding, Guam's ceiling was raised to $3.3 million, but only for one year. While we all regretted the failure of the Senate to favorably respond to the various provisions of H.R. 7200, this Subcommittee's bill which would have extended SSI to Guam and other territories, we are grateful for the increase granted us by Congress.

The measure now before this Subcommittee, H.R. 2724, introduced by Chairman Corman, would make permanent the increase in Guam's level of Federal support. In light of our present spending for these programs, which in 1978 totaled $3,912,017 for an average caseload of 5,680 persons during that period, the additional funds are certainly welcome.

So is the provision of H.R. 2724 which seeks to establish a separate fund of $500,000 under Title XX for Guam. This represents a vast improvement over the present situation whereby Guam is given access to what little is left over from the Title XX money given the States.

I do ask, however, that this Subcommittee consider calling for a review of Guam's welfare programs in two years. While we are certainly grateful for the $3.3 million in Federal welfare aid, I would be less than candid to note that inflation is rapidly eating into every cent we spend. And even with the higher level of Federal support, our public assistance benefits continue to lag far behind those paid in the States. This is very troubling, given Guam's much higher cost of living than is found in any of the 50 States.

Further, I would again hope that this Subcommittee will again attempt to send to the Senate legislation extending SSI to the territories. I fully appreciate that the main stumbling block to this becoming public law rests with the U.S. Senate and the Administration. But the advantages of our participation in SSI would be significant to the blind, disabled and elderly. They would at long last receive at least a minimum payment which would help them and their families meet the pressing economic needs of today's high costs.

Further, the people of Guam are confused why SSI is extended to the residents of the Northern Marianas—who are not American citizens—yet the Americans of Guam are denied the same benefits. Obviously we see here a case of severe discrimination and I hope this Subcommittee can once again lead the way to resolve this problem.

In closing, I extend to Chairman Corman and every member of this Subcommittee Guam's heartfelt appreciation for your past support. We understand the problems you face. We know the budget is extremely tight and each of you is under great pressure from your own constituents to hold down spending. But repeatedly you have been receptive to our unique problems and willing to do you level best to extend a helping hand.

I now stand ready to respond to any questions should you desire.

Thank you.

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